Government of
Saskatchewan

Annual Report
2002-2003

Saskatchewan
Crop Insurance
Corporation

For the fiscal year ending
March 31, 2003

Executive Summary

2002 At A Glance

Winter 2001/2002

- Accumulated precipitation ranged from near normal in the southeast and southwest to well below normal in remaining areas. With below normal snowfall, spring run-off was significantly below normal in most areas.

Spring 2002

- Environment Canada stated March, April and May of 2002 were the coolest in over 100 years.
- Though seeding began in the southwest in the third week in April, cool weather and strong winds slowed progress in May and June. Wind-caused soil erosion damaged emerging seedlings and lack of surface moisture altered seeding plans.
- May precipitation was well below normal. In June, most of the southern half of the grainbelt recorded above-average precipitation while northern areas were below normal.

Summer 2002

- July precipitation varied from near normal in the southwest to well below normal in northern areas.
- The heat of June and July adversely affected many areas while benefiting grasshoppers. The western side of the province experienced moderate to severe infestations.
- In early August, many areas received frost, damaging crop quality and yields with subsequent rains creating a second growth. August precipitation was above normal in central Saskatchewan.
- Harvest operations began in August but, by the end of the month, only eight per cent of the crop had been combined with an additional 10 per cent used as livestock feed or ploughed under.

Fall 2002

- Precipitation varied from above normal to well above normal except in the extreme northwest which received below normal amounts.
- By the end of September, 60 per cent of the crop was combined and 13 per cent put to an alternate use. Seven million acres were not harvested in the usual fashion.
- Overall, most Saskatchewan producers faced quality issues due to frost, snow and rain damage.
- Due to below average harvested area and average yields, crop production was 45 per cent below the 10-year average of 26.4 million tonnes and 31 per cent below 2001 production of 19.4 million tonnes.

Saskatchewan Agriculture, Food and Rural Revitalization "Crop Report", Number 31, November 15, 2002

Statistical Highlights by Crop Year

	2002	2001
Financial		
Total Premium	$248.6 M	$225.2 M
Total Indemnities*	$1.09 B	$331.5 M
Net Loss Ratio	4.38	1.47
Total Insured Value (liability)	**$2.5 B**	**$2.1 B**
Insured Acres		
Annual Grain Crops		
- Multi-peril Insurance	25.5 M	25.2 M
- Ratio of Insured to Seeded Acres	74%	74%
Perennial Forage Crops		
- Multi-peril Insurance	1.0 M	.5 M
- Forage Rainfall Program	3.3 M	.2 M
Annual Crop Rainfall	.9 M	n/a
Spot-Loss Hail	n/a	20.0 M
Insured Contracts		
Grain, Forage and Rainfall Programs	34,781	34,306
Spot-Loss Hail Program	n/a	19,991
Distribution of Acres by Coverage Level (expressed as a per cent of average yield)		
50% and Winterkill	8%	12%
60%	4%	6%
70%	35%	68%
80%	53%	14%
Weighted Average	73%	68%
Claims Registered**		
Unseeded Acreage	154	344
Establishment	6,228	3,187
Pre-Harvest	39,094	9,436
Post-Harvest	51,179	37,932
Hail	n/a	17,540
Waterfowl Damage	1,787	192
Big Game Damage	2,817	496
	101,259	**69,127**

* Includes $56,400,000 for payments on over-winter extensions for 2002.

** Not all claims result in a payable loss. For example, a loss in one field may be offset by higher yields in another field of the same crop.

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Saskatchewan Crop Insurance Corporation's 2002-2003 Annual Report is available in pdf format at www.saskcropinsurance.com.

Letter of Transmittal

July 29, 2003

To Her Honour
The Honourable Dr. Lynda Haverstock
Lieutenant Governor of Saskatchewan

Madam:

I have the honour to submit the Saskatchewan Crop Insurance Corporation annual report and financial statements for the year ended March 31, 2003.

Your obedient servant,

Clay Serby

Clay Serby
Deputy Premier and
Minister of Agriculture, Food and Rural Revitalization

Letter of Transmittal

July 29, 2003

To The Honourable Clay Serby
Deputy Premier and
Minister of Agriculture, Food and Rural Revitalization

Sir:

I hereby present the Saskatchewan Crop Insurance Corporation annual report for the year ended March 31, 2003. Recognizing the changing needs within the agriculture industry, Saskatchewan Crop Insurance will continue to develop and deliver innovative products and services for all of Saskatchewan's producers.

Respectfully Submitted,

Gord Nystuen
Chair of the Board
Saskatchewan Crop Insurance Corporation

Chairman's Message

The 2002 crop year was one of the most difficult and challenging years Saskatchewan farmers have ever faced. Crop development was slowed by the coolest spring in over 100 years. A back-to-back drought proved to be the worst on record while the province experienced a significant infestation of grasshoppers. Early frosts damaged crop yields and quality. Finally, a prolonged harvest season that extended into December still left a record 1.7 million acres to be harvested in the spring of 2003. As a result, crop production for the year was only 13.6 million tonnes, 45 per cent below the ten-year average.

Crop Insurance was able to implement a number of new programs and features to enhance the core program as well as support expansion of the livestock sector and the crop diversification efforts of producers. In this regard, the following program changes and service improvements were announced for 2002:

- The Forage Rainfall Program was introduced on a province-wide basis. This program offered insurance on pastureland using precipitation during the months of April to July as the basis for determining claim payments. This initiative extended insurance to cover 3.3 million acres that did not previously have insurance protection.

- The deductible under the Forage Establishment Benefit was reduced from 30 to 15 per cent.

- Insurance was added for the organic crop Khorasan wheat/Kamut brand grain in the brown and dark brown soil zones.

- Chickpea insurance was adjusted to reflect the increased data available under Saskatchewan growing conditions and the insurable area was changed from two zones to three.

- A new pilot program was initiated for non-irrigated beans grown in designated areas of the province.

- A new weather derivative program was also piloted for annual field crops on a limited, first come, first serve basis. This initiative offered producers an option to add $10 per acre in additional coverage to their insurance, with claims triggered based on precipitation during the May to August growing season. This pilot was fully subscribed at 900,000 acres before the sales deadline.

- Staff continued to increase the use of modern technology tools in efficient claim processing with 30 per cent of claims keyed by adjusters in the field, reducing file handoffs and claim turn-around time.

- Appreciating the growing need of producers for the convenience of the Internet, the corporation launched its own website, www.saskcropinsurance.com, in March of 2002. More than 16,000 unique visitors viewed nearly 304,000 pages during more than 72,000 visits to the site during 2002-2003. Growing from 300 to more than 900 pages, the site now contains program information, rainfall program precipitation data, quality factors, claim statistics, tools such as the generic premium and coverage and bin inventory calculators, and the ability to file production declaration information online.

As the magnitude of the drought became evident during 2002, the federal and provincial governments agreed to an additional program enhancement. Producers whose crops were below a low yield threshold were allowed to salvage the crop, without having that feed value deducted from their yield-loss claim. This enhancement was designed to complement other efforts also being made to help preserve the livestock herd in the province.

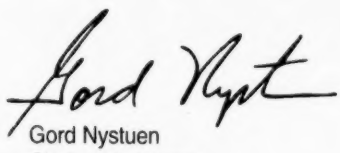
In terms of program operations, the total value of insured production climbed to a record high of $2.5 billion dollars, an increase of 25 per cent over the previous record set in 2001. The average coverage level purchased by farmers also rose dramatically, from 68 per cent in 2001 to 73 per cent in 2002. A total of 53 per cent of the insured acres were at 80 per cent of their average yield compared to only 14 per cent at the same level in 2001. The dry conditions, later sign-up deadline and loss of the spot-loss hail program all contributed to customer's decisions on the level of insurance to buy.

The impact of the devastating crop also resulted in a record high indemnity level, with 42 per cent of the insured liability paid out, or almost $1.1 billion dollars. This exceeded the previous record from 1988 of 40 per cent of liability and $466 million. The insured liability in 2002 more than doubled that of 1988 due in part to more insured acres, higher coverage and diversification into higher value crops.

In total, Crop Insurance received over 100,000 requests for crop inspections in 2002, also a record. The adjusting workload was heavy right from May 2002 until January 2003. Pre-harvest inspections rose to approximately 40,000, more than ten times the four-year average. The high number of acres left out over winter also produced a record 9,000 extensions of insurance for farmers to complete their harvest in the spring of 2003.

In order to meet the challenges this volume of claims produced, Crop Insurance staff dedicated themselves to working long hours under some very difficult conditions and often away from home. The number of adjusters was increased by over 25 per cent. A new system of claim advances was also instituted to provide up to 50 per cent of estimated losses to producers until adjusters could arrive to finalize the amount. Staff throughout the organization demonstrated their commitment to excellence in customer service and I gratefully acknowledge and thank them for their efforts.

Moving beyond 2002, the federal and provincial governments have signed a new Agricultural Policy Framework Agreement. Saskatchewan Crop Insurance looks forward to continuing to work with producers and industry groups to ensure we are addressing the challenges and priorities of the industry and are doing so in an effective and efficient manner.



Gord Nystuen
Chair of the Board
Saskatchewan Crop Insurance Corporation

Our 2002-2003 Annual Report

The Government of Saskatchewan has instituted Performance Reporting Guidelines for departments to provide the public with information regarding the strategic plans of government and to summarize the results achieved against those plans. These guidelines do not specifically apply to Crown Corporations, however the annual report for Saskatchewan Crop Insurance Corporation reflects the spirit of those guidelines.

The annual report is an external reporting document to stakeholders and therefore, the emphasis is on those aspects of the corporation's plans and activities that relate to the broader purpose of the corporation.

Information has been organized in this report to assist readers in understanding the role and programs of Saskatchewan Crop Insurance, the corporation's plans and results for 2002-2003 including financial results and the plans and budgeted resources for 2003-2004 and the future.

It is expected that the reporting content related to corporate strategic plans will continue to evolve over time in order to provide readers with better and objective information in regards to government accountability.

Governing Authorities, Board of Directors and Organization

Governing Authorities

The Saskatchewan Crop Insurance Corporation is a provincial Crown Corporation established by an Act of the Legislature, primarily to administer the Canada-Saskatchewan Crop Insurance program. As a joint federal-provincial program, Crop Insurance is subject to the following Acts, Regulations and Agreements:

- Farm Income Protection Act (federal)
- Crop Insurance Act (provincial)
- Crop Insurance Regulations (federal and provincial)
- Canada-Saskatchewan Crop Insurance Agreement
- Canada-Saskatchewan Crop Insurance Operational Document

Crop Insurance also administers grant payments under the Waterfowl Crop Damage Compensation Program and the Big Game Crop Damage Compensation Program. Both programs are governed under the provincial Farm Financial Stability Act and associated regulations.

Saskatchewan Crop Insurance has complied with the provisions of these authorities.

Board of Directors

Under the Crop Insurance Act, a Board of Directors is authorized to conduct the affairs of the corporation and is responsible for the overall direction and development of the Crop Insurance program. Decisions with major financial or policy implications are developed through consultation with producers and industry and must be approved by the federal and provincial governments.

As of March 31, 2003, the board members were Gord Nystuen, Chair and Deputy Minister of Saskatchewan Agriculture, Food and Rural Revitalization (SAFRR); Hal Cushon, Vice Chair and Assistant Deputy Minister of SAFRR; Wilson Olive, Norm Ballagh and Arlee McGrath. All members are either involved in farm operations or have an agricultural background.

Appeal Panel

The Crop Insurance Appeal Panel is an advisory committee of producers appointed by the Board to consider and make recommendations on individual producers' concerns about their insurance. This is a voluntary process whereby informal hearings are held on a regular basis with both customers and staff presenting information. The recommendation made by the panel is then presented to the Board of Directors for final decision.

The Appeal Panel was established to provide a fair and efficient resolution to customer issues. Members are farmers at large and at March 31, 2003, the members were Chairperson Harry Bastness (Hagen), Vice Chairperson Janice Stirling (Mortlach), Brian Kramer (Southey), Dale Flavel (Silton), William Lanfermann (Paradise Hill), Allan Beblow (Yorkton) and Wayne Truman (Redvers).

From April 1, 2002 to March 31, 2003, the Appeal Panel heard 73 appeals with 24 appeals being granted in whole, five appeals being granted in part, and 44 appeals being denied.

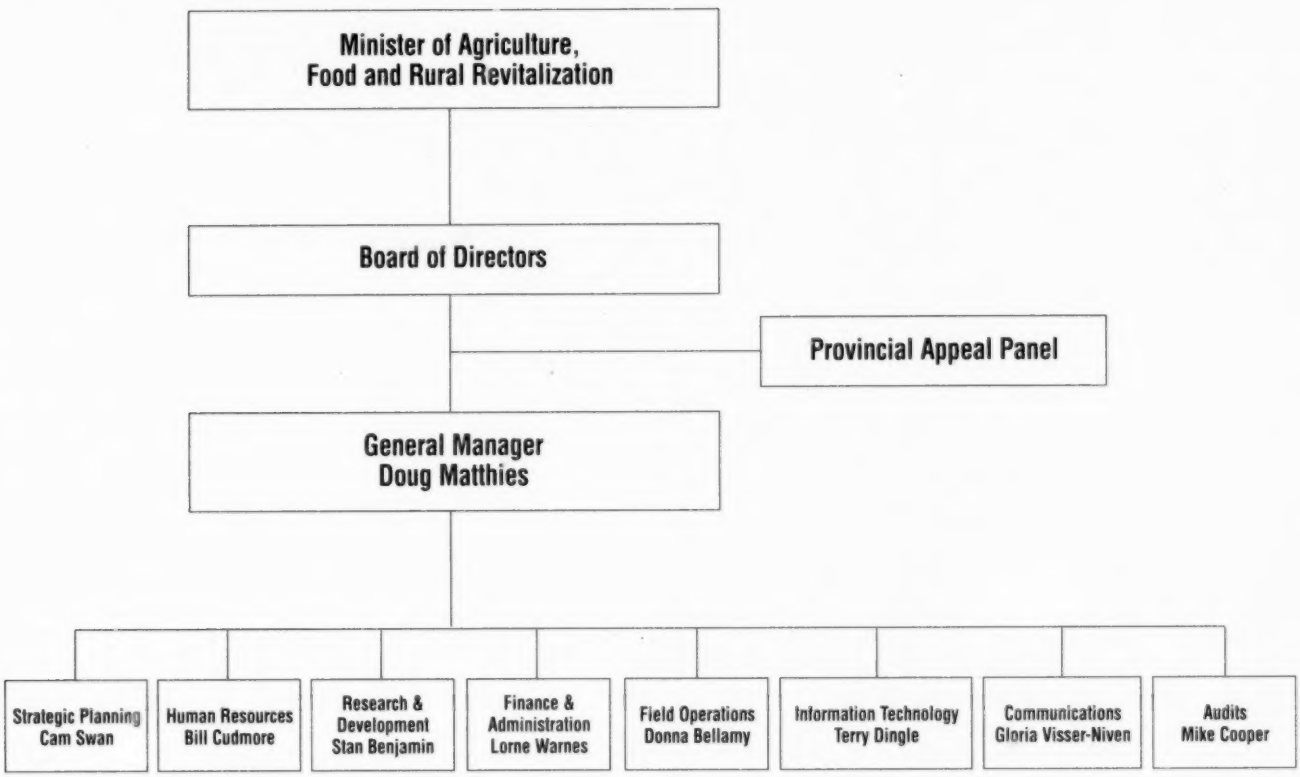
Organization

Crop Insurance has its head office in Melville and an additional 21 customer service offices located in various communities around the province. As of March 31, 2003, Crop Insurance employed 473 people, including permanent and temporary positions and casual adjusters. Of these, 115 people work in head office and 358 are in customer service offices.

Contact information for all customer service offices and head office can be found on and inside the back cover of the annual report.

Organization Chart

As of March 31, 2003


Minister of Agriculture, Food and Rural Revitalization
Board of Directors
Provincial Appeal Panel
General Manager Doug Matthies
Strategic Planning Cam Swan
Human Resources Bill Cudmore
Research & Development Stan Benjamin
Finance & Administration Lorne Warnes
Field Operations Donna Bellamy
Information Technology Terry Dingle
Communications Gloria Visser-Niven
Audits Mike Cooper

Overview of Saskatchewan Crop Insurance Corporation

Role Within Saskatchewan Agriculture, Food and Rural Revitalization

Saskatchewan Agriculture, Food and Rural Revitalization (SAFRR) has overall responsibility for the government's agriculture strategy. Saskatchewan Crop Insurance is aligned within government as an agency of SAFRR and develops and delivers programs in the context of supporting the department's overall strategy.

The annual report of SAFRR identifies the goals and objectives of the department. The specific goal and objective that Crop Insurance supports are:

SAFRR Goal 1 — Prosperous, sustainable, agricultural production and processing industries
SAFRR Objective 5 — Effective safety net programs and risk management tools

In the 2002-2003 crop year, the following three major programs were targeted to meet this objective:

1) Crop Insurance — providing mutual insurance for producers to provide income support in the event of crop loss. The federal and provincial governments contributed 63 per cent of the premium costs of this program and 100 per cent of administration during 2002-2003. Crop Insurance provides immediate relief to producers as claims are inspected and settled within the season.

2) Net Income Stabilization Account (NISA) — a savings program to encourage producers to put money aside in good years to draw on during poor years. Producers are eligible to contribute up to three per cent of their net eligible sales, which will be matched by the two levels of government. The federal and provincial governments also provide a three per cent interest bonus on earnings generated by the account. Producers pay an administration fee for participating in NISA and are responsible for any accounting or other costs incurred in compiling their information. Funds can be withdrawn based on changes in their gross margin as verified through their income tax returns.

3) Canadian Farm Income Program (CFIP) — a whole-farm income support program that provides payments to producers when their claim year margin falls below 70 per cent of their reference margin. No producer contributions are required and payments are funded by both the federal and provincial governments. The program is similar to NISA in that producers are responsible for any accounting or other costs in compiling their information.

These programs are intended to provide an integrated approach to risk management and their overall long-term effectiveness is improved when producers participate in all three versus selectively.

A common goal of both levels of government in risk management program design is that decisions on how to best achieve profitability must rest with producers. Program designs are also required to conform to a number of key principles including trade, market and production neutrality. Crop Insurance is also expected to conform with traditional insurance principles including that benefits are based on the existence of future uncertainty and that program design limits the risks of adverse selection or moral hazard on the part of participants.

Examples of these principles are that insurance coverage is based on the forecasted market value of commodities so coverage is not provided for more than the crop is worth and indemnities are not provided where the loss is due to the farm management decisions or actions of the insured.

Summary of Saskatchewan Crop Insurance's Planning Process

The significant aspects of the corporation's strategic plan are presented later in this annual report. In developing the plan, Crop Insurance followed a model similar to the balanced scorecard approach. As a result, the goals, objectives and activities have been built around the following:

1) Customer Products and Services
- Supporting the core grains sector and crop diversification
- Supporting expansion of the livestock sector
- Improvements to customer service

2) Financial Management
- Ensuring premium rate methodologies support long-term sustainability of the insurance products
- Ensuring adequate reinsurance arrangements are in place to guarantee claim payments
- Effective program administration

3) Infrastructure and Internal Business Processes
- Ensuring adequate resources, capacity and processes to provide accurate and timely service

4) Employees
- Meeting the human resource needs to provide excellence in customer service

In addition, Crop Insurance has developed or is in the process of developing objective measures to help stakeholders and management assess the effectiveness of these plans over time. Given the long-term horizon associated with sustainable insurance, the extreme annual volatility that can occur in dry land farming in Saskatchewan and the continual changes occurring within the industry, the focus of performance measures should necessarily be on long-term trends rather than a single point in time.

Risk Management

To be able to effectively contribute towards the government's agriculture strategy, Crop Insurance has identified the following key risks and strategies to manage those risks.

1) Program Participation

To be a useful tool in providing economic stability to the agriculture sector and to reduce the financial risk that government may be called upon to provide ad-hoc emergency support, Crop Insurance needs to attract a significant level of participation in the program.

Crop Insurance is a voluntary program; therefore, to attract farmers the program must be seen as complementing existing alternative risk management strategies. This means the features and options provided, coverage levels, range of crops insured and the premiums charged must be fair and reasonable, offer flexibility and must also evolve with the industry. These needs must be balanced with the program design principles and the financial capacity of each level of government that sponsor the program.

To manage this risk, Crop Insurance works with producers, industry groups and associations, federal and provincial government departments and agencies, and with universities to identify needs, opportunities, challenges and shortcomings of the current programs. Changes to the programs are typically developed in conjunction with stakeholders to ensure the recommended changes address the issues identified and will be supported by the industry.

2) Premium Rates

To be sustainable as a long-term insurance program, the premiums charged over time must be sufficient to pay the claims incurred. Crop Insurance has a rigorous premium-setting methodology that is certified by an independent actuary at least every five years or more often if substantive program changes or issues arise. The most recent certification was completed during the 2002 crop year.

Factors such as growing conditions and crop suitability vary across Saskatchewan. Therefore, premium rates are established for each crop using defined risk areas to ensure the base premium rates reflect the expected claim experience for different crops in different parts of the province. For some minor crops, where there are either limited acres being grown in the province or limited years of experience in growing the crop under Saskatchewan conditions, premium rates may be based on larger risk zones or on a provincial basis.

The premium associated with certain specific features of Crop Insurance, such as the Establishment Benefit and Unseeded Acreage Benefit, are separately calculated and added to the base rates. These premiums may be loaded across all crops within the risk area, risk zone or provincially.

Premiums also include a component to address deficit recovery or reserve accumulation requirements. These costs are included in premiums on a provincial basis. Production catastrophes occur in all parts of the province but not necessarily at the same time. Base rates reflect the probability of those expected losses; however, the immediate financial burden caused by such events are spread across the broader base of customers. This provides greater premium stability and encourages higher program participation.

In the event that the overall program is in a significant deficit position, additional premiums are determined in a manner that should result in recovery within a fifteen year time period. This aspect of the program is to encourage continued program participation and affordability of premiums. Actual results may vary depending on future claim experience.

3) Claim Adjusting

To ensure the integrity of the insurance program, affordable future premiums and to meet the needs of producers facing crop losses, the adjusting system must ensure that claims are accurately assessed and indemnities paid in a timely fashion. To do this, the corporation emphasizes adequate training of adjusters and staff to identify the cause of loss, accurately assess the loss, and promptly and accurately process the claim. The corporation utilizes standardized training modules, policy and procedure manuals, supervision, analytical review and compliance audits to manage this risk.

In addition, Crop Insurance utilizes a deliberate strategy of decentralized claim adjusting and processing to increase awareness of local conditions and issues. The corporation has effective communication processes to ensure any appropriate consideration and decision-making occurs as issues emerge.

4) Reinsurance

It is critical that adequate reinsurance is available to Crop Insurance in the event that claims exceed annual premiums and reserves. Without adequate reinsurance arrangements, the ability to pay producer claims may be at risk.

The federal and provincial governments currently provide reinsurance in accordance with terms set out in the Canada-Saskatchewan Crop Insurance Agreement. To ensure the long-term sustainability of these arrangements, an actuarial evaluation is to be conducted every five years or sooner if conditions or program changes warrant. The most recent review was completed in 2002.

To this point, both levels of governments have determined to provide reinsurance to Crop Insurance through their own sources. Each level of government is considered to have the necessary borrowing capacity and is able to achieve costs of capital that are at least as attractive as purchasing private sector reinsurance. Furthermore, the third party certification of sustainability gives confidence that any deficits will be recovered over time.

All premiums paid to the crop insurance program are only available for the purposes of paying claims or reinsurance costs. Surplus funds are held for future production losses and cannot be utilized by either level of government for any other purposes. As a result of this restriction and the periodic review of premium and reinsurance rates to ensure their appropriateness, governments have been satisfied that the current reinsurance arrangements reduce program costs.

5) Infrastructure

Approximately 35,000 producers currently purchase Crop Insurance and while the concept of insuring against production loss is simple, the program has increased in complexity over time in response to expanding needs of producers. To meet the demands of volume, complexity, accuracy and timeliness, it is critical that the corporation ensure it has an adequate infrastructure.

Saskatchewan Crop Insurance has placed a high priority on its human resources and on its technological needs. The culture, staff development opportunities, information technology capacity, security and disaster recovery strategies of the corporation are critical aspects of managing this risk.

Percentage of Acreage by Coverage Level

YEAR	50%	60%	70%	80%
1997	28%	11%	50%	11%
1998	18%	9%	58%	15%
1999	19%	9%	59%	14%
2000	13%	7%	66%	14%
2001	12%	6%	68%	14%
2002	8%	4%	35%	53%

Weighted Average Coverage Level by Year

Year	Average Coverage Level	Year	Average Coverage Level
1990	72%	1997	65%
1991	70%	1998	67%
1992	79%	1999	67%
1993	76%	2000	68%
1994	70%	2001	69%
1995	69%	2002	73%
1996	69%		

Historical Premium Cost Sharing

	Total Premium			Base Premium			Buy-up Premium			FRP & ACRP Premium			Admin Costs	
YEAR	Prod %	Fed %	Prov %	Prod %	Fed %	Prov %	Prod %	Fed %	Prov %	Prod %	Fed %	Prov %	Fed %	Prov %
1961-66	80%	20%	-										50%	50%
1967-72	75%	25%	-										50%	50%
1973-89	50%	50%	-										0%	100%
1990-96	50%	25%	25%*										50%	50%
1997	42.2%	28.9%	28.9%	20%	40%	40%	60%	20%	20%				50%	50%
1998	39.0%	30.5%	30.5%	20%	40%	40%	50%	25%	25%				50%	50%
1999	39.0%	30.5%	30.5%	20%	40%	40%	50%	25%	25%				50%	50%
2000	29.2%	42.5%	28.3%**	10%	54%	36%	40%	36%	24%				50%	50%
2001	29.7%	35.2%	35.2%	10%	45%	45%	40%	30%	30%				50%	50%
2002	36.8%	27.4%	35.8%	19%	36%	45%	48%	22%	30%	37%	28%	35%	50%	50%

* In 1992 only, the provincial government paid 41 ⅔ per cent, producers 33 ⅓ per cent, and the federal government 25 per cent of the incremental premium between 70 and 80 per cent coverage.
** For 2000 only the federal government paid 60 per cent of government premiums.

Annual Grain Crops Summary

CROP YEAR	Seeded Acres	Insured Acres	% Insured of Seeded	Insured Producers	Total Premium	Liability	Indemnity	Indemnity/ Liability
1973	24,902,000	7,235,666	29%	23,909	$ 13,560,940	$ 140,436,128	$ 7,730,305	5.50%
1974	24,057,000	9,804,422	41%	31,411	$ 29,072,440	$ 288,263,532	$ 32,898,379	11.41%
1975	24,040,000	12,066,222	50%	38,209	$ 39,643,098	$ 405,089,832	$ 28,392,087	7.01%
1976	23,999,000	12,811,518	53%	39,143	$ 51,972,064	$ 542,207,973	$ 22,401,840	4.13%
1977	24,376,000	16,116,827	66%	47,156	$ 69,523,328	$ 704,688,894	$ 36,862,943	5.23%
1978	25,498,000	15,099,256	59%	43,032	$ 66,516,550	$ 708,193,202	$ 29,419,884	4.15%
1979	25,696,000	14,301,117	56%	40,154	$ 66,130,612	$ 721,821,633	$ 103,835,041	14.39%
1980	25,258,000	15,919,936	63%	42,850	$ 82,915,286	$ 935,838,614	$ 135,708,452	14.50%
1981	27,142,000	17,845,097	66%	46,259	$ 107,224,700	$ 1,162,172,942	$ 92,280,986	7.94%
1982	27,540,000	17,472,266	63%	44,469	$ 112,916,430	$ 1,233,908,814	$ 74,157,729	6.01%
1983	28,006,000	17,510,357	63%	43,000	$ 112,034,912	$ 1,254,906,517	$ 105,243,197	8.39%
1984	29,413,000	18,353,785	62%	43,443	$ 125,381,768	$ 1,345,493,742	$ 259,864,151	19.31%
1985	30,148,000	20,878,177	69%	46,894	$ 152,104,688	$ 1,558,492,595	$ 377,180,151	24.20%
1986	31,023,900	23,223,755	75%	48,952	$ 176,017,284	$ 1,778,772,508	$ 119,054,329	6.69%
1987	30,988,700	21,661,168	70%	46,492	$ 123,939,564	$ 1,161,135,578	$ 87,240,750	7.51%
1988	29,823,000	21,566,031	72%	45,721	$ 126,531,026	$ 1,159,096,010	$ 465,603,032	40.17%
1989	31,286,000	24,444,278	78%	49,267	$ 264,244,732	$ 1,942,011,401	$ 449,653,069	23.15%
1990	30,815,500	23,388,147	76%	46,523	$ 225,432,602	$ 1,713,501,461	$ 160,883,342	9.39%
1991	30,785,500	27,483,146	89%	51,466	$ 165,294,474	$ 1,478,891,201	$ 61,312,350	4.15%
1992	30,719,500	24,086,895	78%	49,466	$ 265,225,584	$ 1,706,956,497	$ 301,960,318	17.69%
1993	32,221,000	19,547,592	61%	45,752	$ 200,239,386	$ 1,269,698,961	$ 181,809,677	14.32%
1994	32,717,000	18,163,907	56%	43,107	$ 176,457,612	$ 1,249,853,183	$ 125,783,335	10.06%
1995	32,975,000	19,135,295	58%	40,904	$ 181,559,846	$ 1,355,607,448	$ 153,804,482	11.35%
1996	32,766,600	18,710,584	57%	38,099	$ 210,591,050	$ 1,619,069,926	$ 61,289,666	3.79%
1997	33,809,000	20,147,657	60%	36,030	$ 184,176,191	$ 1,574,353,395	$ 84,488,198	5.37%
1998	34,155,000	21,514,947	63%	35,336	$ 191,792,322	$ 1,610,578,015	$ 88,752,434	5.51%
1999	33,155,000	20,368,344	61%	33,216	$ 178,627,850	$ 1,583,681,295	$ 93,894,175	5.93%
2000	34,690,000	24,094,432	69%	34,121	$ 183,763,034	$ 1,561,254,404	$ 131,967,498	8.45%
2001	34,081,000	25,225,915	74%	33,917	$ 221,769,240	$ 2,022,351,221	$ 322,850,715	15.96%
2002	34,361,000	25,536,743	74%	33,814	$ 218,311,844	$ 2,416,155,651	$ 1,005,013,273	41.60%
Average (1973-2002)	**29,681,590**	**19,123,783**	**64%**	**41,404**	**$ 144,099,015**	**$ 1,273,482,752**	**$ 173,377,860**	**13.61%**

Includes premiums and indemnities from both the multi-peril program and Spot-Loss Hail in the years when separate hail insurance was also available.
Does not include Rainfall or Forage Insurance programs.

Forage and Weather Derivative Program Summaries

Forage Insurance Program – All-Peril Insurance

Year	Number of Contracts	Number of Endorsements	Number of Endorsements Receiving Indemnity	Acres Insured	Total Liability	Premium	Indemnity	Loss Ratio
1994		2,378	637	298,424	8,042,202	1,566,957	663,524	0.42
1995		1,873	1,107	235,028	5,720,904	1,221,230	1,411,802	1.16
1996		1,664	874	233,726	8,726,197	1,927,287	1,491,065	0.77
1997		1,388	626	193,108	7,990,634	1,433,830	1,146,982	0.80
1998	2,013	2,285	1,100	359,954	17,524,304	3,145,855	4,256,605	1.35
1999	1,913	2,169	243	306,689	14,005,988	2,416,213	609,874	0.25
2000	2,241	2,548	412	382,912	13,247,318	2,363,477	815,977	0.35
2001	2,883	3,380	1,987	532,032	20,592,772	2,904,964	7,395,640	2.55
2002	4,432	5,448	2,465	973,758	56,758,894	9,034,257	20,753,208	2.30
Total	**13,482**	**23,133**	**9,453**	**3,515,631**	**152,609,213**	**26,014,070**	**38,544,677**	

Forage Rainfall Program

Year	Contracts	Endorsements	Acres	Liability	Claims	Premium	Indemnity	Loss Ratio
2001	336	558	209,747	$ 7,628,510	175	$ 827,733	$ 625,577	0.76
2002	3,955	6,120	3,272,263	$24,603,861	2,305	$4,598,102	$6,051,393	1.32

* 2001 was the first year of the pilot project and was not available in all parts of the province.

Annual Crop Rainfall Program

Year	Contracts	Endorsements	Acres	Liability	Claims	Premium	Indemnity	Loss Ratio
2002	2,290	2,290	900,861	$9,008,610	638	$1,532,820	$826,132	0.54

Life-to-date Participation and Loss Experience

Annual Grains Crops – Multi-Peril Program Only

YEAR	Number of Customers	Liability	Average Customer Liability	Customer's Net Premium	Total Net Premium
1961-62	194	$ 306,500	$ 1,580	$ 23,925	$ 29,906
1962-63	1,337	$ 2,319,000	$ 1,734	$ 171,284	$ 214,105
1963-64	2,235	$ 3,683,000	$ 1,648	$ 275,645	$ 344,556
1964-65	2,357	$ 4,088,000	$ 1,735	$ 278,926	$ 348,658
1965-66	3,172	$ 4,566,000	$ 1,440	$ 290,708	$ 363,385
1966-67	6,989	$ 12,125,000	$ 1,734	$ 743,154	$ 928,943
1967-68	8,211	$ 15,910,000	$ 1,938	$ 941,146	$ 1,176,433
1968-69	12,343	$ 27,165,000	$ 2,201	$ 1,719,898	$ 2,149,873
1969-70	11,637	$ 21,194,000	$ 1,821	$ 1,320,748	$ 1,650,935
1970-71	9,083	$ 9,039,200	$ 995	$ 567,835	$ 709,794
1971-72	7,890	$ 14,625,000	$ 1,854	$ 782,908	$ 978,635
1972-73	11,844	$ 29,840,005	$ 2,519	$ 1,821,463	$ 2,276,829
1973-74	23,909	$ 140,436,128	$ 5,874	$ 6,780,470	$ 13,688,272
1974-75	31,411	$ 288,263,532	$ 9,177	$ 14,536,220	$ 30,098,459
1975-76	38,209	$ 405,089,832	$ 10,604	$ 19,821,549	$ 41,041,161
1976-77	39,143	$ 542,207,973	$ 13,852	$ 25,986,032	$ 53,637,408
1977-78	47,156	$ 704,688,894	$ 14,944	$ 34,761,664	$ 71,887,589
1978-79	43,032	$ 708,193,202	$ 16,457	$ 33,258,275	$ 66,472,426
1979-80	40,154	$ 721,821,633	$ 17,976	$ 33,065,306	$ 66,055,718
1980-81	42,850	$ 935,838,614	$ 21,840	$ 41,457,643	$ 82,546,598
1981-82	46,259	$ 1,162,172,942	$ 25,123	$ 53,612,350	$ 106,100,031
1982-83	44,469	$ 1,233,908,814	$ 27,748	$ 56,458,215	$ 112,003,208
1983-84	43,000	$ 1,254,906,517	$ 29,184	$ 56,017,456	$ 111,588,185
1984-85	43,443	$ 1,345,493,742	$ 30,971	$ 62,690,884	$ 123,439,542
1985-86	46,894	$ 1,558,492,595	$ 33,234	$ 76,052,344	$ 151,943,200
1986-87	48,952	$ 1,778,772,508	$ 36,337	$ 88,008,642	$ 170,010,965
1987-88	46,492	$ 1,161,135,578	$ 24,975	$ 61,969,782	$ 120,935,244
1988-89	45,721	$ 1,159,096,010	$ 25,352	$ 63,265,513	$ 121,599,339
1989-90	49,267	$ 1,942,011,401	$ 39,418	$132,122,366	$ 238,801,161
1990-91	46,523	$ 1,713,501,461	$ 36,831	$112,716,301	$ 207,182,201
1991-92	51,466	$ 1,478,891,201	$ 28,735	$ 82,647,237	$ 145,600,110
1992-93	49,466	$ 1,706,956,497	$ 34,508	$111,510,843	$ 223,159,109
1993-94	45,752	$ 1,269,698,961	$ 27,752	$100,119,693	$ 199,319,998
1994-95	43,107	$ 1,249,853,183	$ 28,994	$ 88,228,806	$ 161,006,675
1995-96	40,904	$ 1,355,607,448	$ 33,141	$ 80,561,270	$ 157,205,530
1996-97	38,099	$ 1,619,069,926	$ 42,496	$ 86,722,633	$ 173,445,266
1997-98	36,030	$ 1,574,353,395	$ 43,696	$ 56,567,834	$ 141,930,893
1998-99	35,336	$ 1,610,578,015	$ 45,579	$ 53,926,962	$ 149,706,545
1999-00	33,216	$ 1,583,681,295	$ 47,678	$ 48,739,931	$ 136,382,054
2000-01	34,121	$ 1,561,382,982	$ 45,760	$ 36,320,919	$ 140,130,557
2001-02	33,917	$ 2,022,351,221	$ 59,626	$ 42,725,264	$ 163,480,791
2002-03	33,814	$ 2,416,155,651	$ 71,454	$ 80,498,777	$ 218,311,844

1991-92, 1992-93, 1993-94 and 1994-95 information is for Crop Insurance only and the Crop Insurance portion of GRIP.
This does not include Forage insurance, rainfall programs or the Spot-Loss Hail Option.
Premium includes premiums from producers and premium contributions by the Governments of Canada and Saskatchewan.

Average Customer Premium	Average Customer Rate (%)	Number of Indemnities Paid	Indemnity Amount	Loss to Premium Ratio (By Year)	Loss to Premium Ratio (Accumulated)
$ 123	7.8	169	$ 129,669	4.34	4.34
$ 128	7.4	147	$ 61,651	0.29	0.78
$ 123	7.5	38	$ 9,285	0.03	0.34
$ 118	6.8	240	$ 137,926	0.40	0.36
$ 92	6.4	301	$ 123,304	0.34	0.36
$ 106	6.1	161	$ 107,978	0.12	0.26
$ 115	5.9	887	$ 497,118	0.42	0.31
$ 139	6.3	1,683	$ 1,607,853	0.75	0.48
$ 113	6.2	553	$ 385,787	0.23	0.42
$ 63	6.3	213	$ 104,338	0.15	0.40
$ 99	5.4	206	$ 142,930	0.15	0.37
$ 154	6.1	1,654	$ 1,262,763	0.55	0.41
$ 284	4.8	8,484	$ 7,730,305	0.56	0.49
$ 463	5.0	23,505	$ 32,898,379	1.09	0.82
$ 506	4.9	24,444	$ 28,392,087	0.69	0.77
$ 664	4.8	15,092	$ 22,401,840	0.42	0.64
$ 736	4.9	21,915	$ 36,862,943	0.51	0.60
$ 773	4.7	17,389	$ 29,419,884	0.44	0.56
$ 824	4.6	39,050	$ 103,835,041	1.57	0.75
$ 968	4.4	35,907	$ 135,708,452	1.64	0.92
$ 1,159	4.6	29,167	$ 92,280,986	0.87	0.91
$ 1,270	4.6	23,967	$ 74,157,729	0.66	0.87
$ 1,303	4.5	26,804	$ 105,243,197	0.94	0.88
$ 1,443	4.7	51,853	$ 259,864,151	2.11	1.05
$ 1,622	4.9	57,693	$ 377,180,151	2.48	1.26
$ 1,798	4.9	29,161	$ 119,054,329	0.70	1.18
$ 1,333	5.3	25,547	$ 87,240,750	0.72	1.14
$ 1,384	5.5	74,987	$ 465,603,032	3.83	1.36
$ 2,682	6.8	57,064	$ 449,653,069	1.88	1.44
$ 2,423	6.6	36,538	$ 160,883,342	0.78	1.36
$ 1,606	5.6	23,252	$ 61,312,350	0.42	1.30
$ 2,254	6.5	39,627	$ 301,960,318	1.35	1.30
$ 2,188	7.9	27,385	$ 181,809,677	0.91	1.27
$ 2,047	7.1	17,924	$ 85,991,873	0.53	1.23
$ 1,970	5.9	21,525	$ 101,531,480	0.65	1.19
$ 2,276	5.4	7,541	$ 32,409,227	0.19	1.13
$ 1,570	3.6	12,152	$ 51,807,874	0.37	1.10
$ 1,526	3.3	15,452	$ 66,706,347	0.45	1.07
$ 1,467	3.1	14,871	$ 65,065,409	0.48	1.05
$ 1,064	2.3	12,064	$ 75,919,849	0.54	1.03
$ 1,260	2.1	33,353	$ 267,782,992	1.64	1.05
$ 2,381	3.3	58,206	$ 1,005,013,273	4.60	1.25

Saskatchewan Crop Insurance 2002-2003 Strategic Plan

Saskatchewan Agriculture, Food and Rural Revitalization Vision:

An internationally respected agricultural ministry, noted for its contribution to a vibrant agricultural sector that improves the quality of life of all Saskatchewan people

Saskatchewan Crop Insurance Vision:

We excel at providing innovative agricultural insurance and related products and services and are a respected, integral part of a dynamic Saskatchewan agriculture sector.

Mission:

We develop and deliver effective and innovative agricultural insurance services to help sustain the agriculture sector.

Values:

Innovation, Open Two-way Communication, Teamwork, Accountability, Honesty, Fairness and Respect

Strategic Plan and Performance Management: Goals, Objectives, Key Actions and Performance Measures

The performance measures identified in this summary are broad-based measures to help stakeholders assess the performance of the program. It should be recognized that many factors are beyond the control of the organization including weather patterns, producers' risk assessments and preferences, alternative risk management strategies, cost-sharing formulas and general funding availability from both the federal and provincial governments.

Strategic Goal 1: Customer Products and Services

Strong risk management programs and services responding to customer and industry needs to support a thriving, environmentally sustainable, agriculture production and processing industry

Objective 1: To provide valuable programs and services to our customers	**Key Actions:** • Maintain awareness of agriculture industry changes and their impact on our customers • Consistently provide products and services that respond to changing needs of customers • Analyze changes and trends in producer and customer demographics highlighting the differences between insured and non-insured producers
Objective 2: To support diversification and industry expansion through program development	**Key Actions:** • Maintain awareness of agriculture industry changes and their impact on our customers • Pursue opportunities to investigate and develop insurance products for crops that are currently not insured • Assess risk management needs and develop/expand insurance products for forage producers
Objective 3: To ensure customers have the best crop insurance information available to help them make farm management decisions	**Key Actions:** • Determine information needs of producers and usefulness of current data • Expand data warehouse and accessibility in response to identified needs

Key Results:

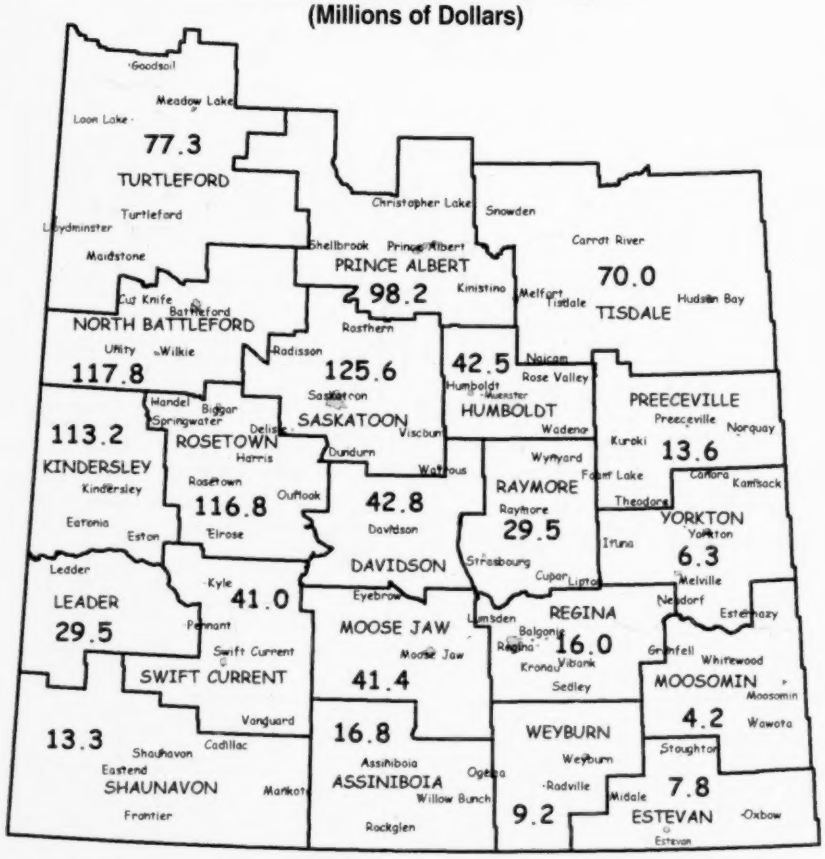
The following initiatives were completed in 2002-2003:

- Over 100,000 inspections were completed during 2002-2003 paying out record indemnities of almost $1.1 billion.
- The number of claims keyed by adjusters in the field continued to increase with 19 per cent of establishment claims, 24 per cent of pre-harvest claims and 35 per cent of post-harvest claims being keyed remotely. This initiative assisted customers in being able to receive more comprehensive contract information and efficient claim turnaround time.
- Two different weather derivative products were offered.
  - One of these products (Forage Rainfall Program) was offered province-wide and was designed to cover pasture and other forage acres that could not be insured under other Crop Insurance programs. 3,955 customers insured a total of 3.3 million acres under this program in 2002.
  - The second weather derivative product was offered on a limited basis and designed for annual crops to be a $10 per acre 'top-up' of regular crop insurance. 2,290 customers insured a total of 900,861 acres under this program in 2002.
- Other 2002 program changes included:
  - The deductible under the Forage Establishment Benefit Option was decreased from 30 per cent to 15 per cent.
  - The number of risk zones was increased from two to three for chickpeas.
  - Khorasan wheat/Kamut brand grain was added as an insurable crop.
  - Insurance for dryland dry beans was piloted in two areas of the province.

The business cycle for Saskatchewan Crop Insurance is to plan and develop next year's program in the current year, and to deliver and administer this year's program as it was designed last year. In that context, the following policy initiatives were developed in 2002-2003 for 2003-2004:

- Enhance the annual crop weather derivative insurance to include more perils
- Address concerns raised by the pulse industry regarding the base grade and insurance coverage for field peas
- Enhance the Organic Insurance Option to address early season weed management and commodity price concerns
- Offer yield-loss separate from establishment for sweetclover
- Update summerfallow and stubble productivity yield ratios and restate area yields based upon current production experience offered under Individual Coverage
- Improve the Diversification Option to allow for more insurable acres
- Enhance the Forage Rainfall Program to provide more localized coverage and higher dollar coverage based upon forage productivity

2002-2003 Indemnities by Region
(Millions of Dollars)



Total claims paid for 2002-2003 were approximately $1.03 billion including pre- and post-harvest, unseeded acreage, and establishment benefit claims. This does not include the approximately $56.4 million due to over-winter extensions.

Performance Measures For Strategic Goal 1:
The performance measures for this goal are an assessment of the need for and value of the program placed on it by customers, efforts of the program to support the changing needs and diversification initiatives of producers and the extent to which producers support those changes.

Performance Measure	**Result**
Percentage of seeded annual crop acres insured	• In 2002, Saskatchewan producers insured **74 per cent** of seeded annual crop acres. • This compares to **74 per cent** in 2001, a historical provincial average of **64 per cent**, and the 2002 national average of **69 per cent**.
Average level of coverage on insured crops	• The average coverage level in 2002 was **73 per cent** of average yields. • This compares to the provincial average of **68 per cent** in 2001, the historical average (since 1990, which is the year 80 per cent coverage was first offered) of **70 per cent**, and the 2002 national average of **75 per cent**.
Forage acres insured	• In 2002, **970,858 acres** of forage were insured for yield loss or establishment which is **31.8 per cent** of estimated tame hay acres in Saskatchewan. • This compares to a five-year (1997-2001) average insured acres of **353,655**, which is **11.6 per cent** of the estimated tame hay acres in Saskatchewan. • When added to the pasture acres insured under the Forage Rainfall Program, Crop Insurance insured a total of **4,243,121 acres** of pasture and forage which is approximately **22 per cent** of the estimated forage acres in Saskatchewan.
Number of acres enrolled in the Saskatchewan Management Plus (SMP) program	• In 2002 **4.8 million acres*** had information reported through Saskatchewan Management Plus (SMP). • This compares to a four-year average of **4.5 million acres**. ** It should be noted that a significant number of SMP customers ended up not reporting information through SMP as they had a yield-loss claim and thus had yield information determined by an adjuster.*

Strategic Goal 2: Financial Management

Effective and efficient public service, contributing to government goals and objectives

Objective 1: To ensure sound financial program management	**Key Actions:** • Actuarial certification of premium and coverage • Prudent receivables management • Prudent use of tools to assess program risk • Ensure appropriate reinsurance is in place as defined by government stakeholders
Objective 2: To be proactively accountable to our stakeholders	**Key Action:** • Formal annual reporting and seasonal updates on the strategic direction and plan including actions, performance and achievements

Objective 3: To seek opportunities to utilize our skills and abilities in additional capacities where it relates to our core business	**Key Actions:** • Identify opportunities where skills and abilities can be utilized • Develop partnerships to deliver programs and services • Take advantage of identified opportunities
Objective 4: To ensure administrative fiscal responsibility	**Key Actions:** • Plan for operational and strategic needs • Develop contingency plans for unexpected events and priority changes • Provide updates on actual expenditures on a timely basis

Key Results:

- Crop Insurance continues to offer actuarially sound rates and coverages and ensures adequate reinsurance is in place to backstop insurance program losses.
- Crop Insurance has also strived to improve reporting to public stakeholders by including actions, performance and achievements in the annual report as well as providing strategic direction information on the website at www.saskcropinsurance.com.
- The corporation met the fiscal challenges of 2002 while strengthening the core program through the implementation of a province-wide Forage Rainfall Program, piloting an annual crop rainfall program and making a number of other enhancements. The Spot-Loss Hail and the Variable Price Options were terminated and the federal government reduced their portion of cost sharing from 35 to 28 per cent to meet financial targets. The corporation extended the sign-up deadline from March 31 to April 19.
- The Field Division implemented a procedure to complete farm practice checks in a more efficient manner by reducing the number of random checks and utilizing more resources on targeted checks where farm practice concerns appeared more prevalent.
- For the second year, the Research and Development Division utilized a model to help predict expected indemnity payments. This model produced reasonably accurate predictions and, with some refinements to incorporate expected quality losses, is expected to be an ongoing tool for estimating payments and efficiently managing cash flow.
- 1,076 post-harvest claims were paid by declaration with the resulting indemnity reaching $7.2 million. This is being explored as a means of risk profiling claims against effective use of resources.

Performance Measures For Strategic Goal 2:

The following performance measures speak to efficient and effective program and administrative management.

Performance Measure	**Result**
Ratio of current year's premiums collected to invoiced	• As of March 31, 2003, **98.3 per cent** of 2002 producer premiums were collected. • This compares to a **96 per cent** average for the previous five-year period.
Number of producer accounts cancelled at year-end for non-payment of premiums or not making suitable payment arrangement	• In total, **137 contracts** were cancelled for non-payment at the end of 2002-2003, representing **0.4 per cent** of all contract holders. • This compares to **95 contracts** cancelled in 2001-2002, and the **average of 286** for the previous five-year period.
Number of claim compliance audits completed and audit results	• Over the 2002 crop year, Audit Division performed 1,962 audits, identifying approximately $1.3 million in indemnity differences from when claims were adjusted.

Performance Measure	Result
Amount of third party revenue generated	• Services offered on a cost-recovery basis in 2002 generated revenue of **$228,500**. • This compares to **$103,300** in 2001, and **$84,800** in 2000.
Number of hours staff spent completing third party revenue generation work	• Staff spent **3,887** hours completing third party revenue generation work in 2002-2003. • This compares to **2,499** hours in 2001-2002, and **1,250** hours in 2000-2001.
Ratios comparing administration expenses to liability, premiums, acres and contracts, compiled by Agriculture Canada	The ratios for 2002-2003 are: Admin to liability: Saskatchewan 1.09%, Canada 1.11% Admin to premiums: Saskatchewan 11.69%, Canada 12.28% Admin per acre insured: Saskatchewan $0.89, Canada $1.30 Admin per contract: Saskatchewan $784, Canada $862

Strategic Goal 3: Infrastructure and Internal Business Processes

Effective and innovative delivery of programs and services

Objective 1: To capture and analyze customer and industry feedback in order to provide more effective programs and delivery	**Key Actions:** • Develop a customer feedback process integrated into the existing delivery process • Develop a two-way process to communicate with industry on their insurance-related needs
Objective 2: To ensure our infrastructure meets the evolving delivery needs for our core business	**Key Actions:** • Enhance our IT (information technology) program flexibility and service delivery design • Ensure compliance with government on-line and provincial IT initiatives • Ensure our infrastructure remains a strength and is able to adjust to changing customer needs and ways of doing business
Objective 3: To maintain flexibility in order to deliver agriculture programs and services	**Key Action:** • Create awareness among public and other government departments of organizational capabilities
Objective 4: To continue to focus on quality, improving efficiency and productivity	**Key Actions:** • Continuous process review and improvement • Ensure all staff are aware of organizational, divisional and individual roles • Ensure a comprehensive and up-to-date security strategy is in place • One business process will be reviewed annually

Key Results:

- The corporation conducts a number of meetings in the year to assess customer feedback on the program and ideas for improvements. The corporation also met with representatives of several farm groups to review the program and discuss concerns.
- Crop Insurance continued to explore new technology, completing the change from the Wide Area Network to CommunityNet in all 22 locations, piloting four handheld devices that support wireless connection to business systems applications and implementing a process of wireless connection to the Crop Insurance grading station.
- A new general ledger and accounts payable software system was implemented as was phase one of the integration of the Finance System into the Insurance System.
- Crop Insurance continued to develop its Internet site by continuously updating frequently asked questions with the appropriate responses, providing precipitation information (for the rainfall based programs) and other statistics in a timely fashion and developing the required Internet security protocol to pilot CropConnect where select customers are able to go into their own file and view personal what-if scenarios to help make insurance decisions and endorsement changes online.
- Substantial field research work was completed to review the accuracy of big game damage assessments.
- An Information Technology Security and Acceptable Usage Policy was updated in 2002-2003 and communicated to all staff.

Performance Measures For Strategic Goal 3:

Crop Insurance continues to review current processes in order to search for opportunities to become more efficient and take steps to ensure our infrastructure is able to meet evolving delivery needs. The following performance measures speak to effective and innovative program and service delivery.

Performance Measure	**Result**
Number of visitors to the Crop Insurance website	• Crop Insurance's website, www.saskcropinsurance.com, had 16,154 unique visitors in 2002-2003. • The busiest day of the week was Monday and the least active day was Saturday. • The top pages viewed include the home page, Programs, Statistics, Calculators, rainfall data, Newsroom, Premiums and Prices, Contact Us, Forms and Maps.
Percentage of Crop Insurance claims keyed from remote locations	• **30.2 per cent** of establishment, pre-harvest and post-harvest claims were keyed into computers from remote locations in 2002-2003. • This compares to **19.5 per cent** in 2001-2002.

Strategic Goal 4: Employees

A learning organization and workplace of choice investing in staff to enhance their capability to reach their potential

The above goal is also part of Saskatchewan Crop Insurance's Strategic Plan, but is internally focused with accountability directed to internal stakeholders.

2002-2003 Financial Results

The 2002-2003 financial statements are contained elsewhere within this annual report.

The Performance Reporting Guidelines adopted by the provincial government require that actual and budgeted provincial expenditures be presented and variances explained. Saskatchewan Crop Insurance Corporation is a provincial Crown Corporation and receives funding through an appropriation of the legislature for premium contributions, administration and interest charges on the provincial share of the program deficit.

Premiums are cost-shared by the federal and provincial governments and producers; therefore, only the provincial share of premiums is included in the budget. Federal government and producer premiums are paid directly to the corporation. Specific amounts are not budgeted for annual claim costs as the premium setting and reinsurance arrangements are actuarially certified to provide adequate revenue to meet these expenses in the long term.

Program delivery costs (administration) are paid 50 per cent by each level of government. The federal share of premium contributions are paid directly to the province's General Revenue Fund. Therefore, the budget amount reflects 100 per cent of the estimated cost in order to provide for both the provincial amount and transfer of the federal contribution.

Saskatchewan Finance charges the Saskatchewan Crop Insurance Corporation with interest on the provincial share of the current program deficit to the corporation. However, the Canada-Saskatchewan Crop Insurance Agreement stipulates that each level of government is responsible for the interest costs on their own share of any deficit. In order to pay Saskatchewan Finance, the corporation must receive an appropriation in the budget.

The following information provides an explanation of the budgeted and actual amounts derived from the Government of Saskatchewan.

	2002-03 Estimates $000s	2002-03 Actuals $000s	Variances over (under) $000s	Notes
Program Delivery	$ 24,800	$ 28,420	$ 3,620	1
Crop Premiums	84,175	98,521	14,346	2
Interest Subsidy	—	916	916	3
	$108,975	$127,857	$18,882	

Notes:

1) Higher program delivery costs were primarily due to increased claim inspections as a result of the drought and the need to upgrade computer systems to facilitate expansion of the e-business strategy for customer service. In addition, $855,000 was carried over to 2003-2004 to cover the costs of adjusting the remaining claims for crops left out over the winter.

2) $13.6 million in additional premium surcharge occurred as a result of the extension of the application deadline from March 31 to April 19 in 2002. The federal and provincial governments agreed that excess funds they had each contributed to the New Crops Insurance Account could be transferred to meet this obligation. To achieve this and comply with appropriate authorities, the General Revenue Fund made the contribution to Crop Insurance and was effectively reimbursed through the transfer arrangements. In addition, there was a slight increase in the number of acres insured than originally anticipated.

3) Financing costs associated with the Crop Reinsurance Fund debt and the Crop Insurance Fund cash flow deficits were not budgeted as at the start of the crop year the program was in a surplus position of approximately $285 million. This financing was required due to the record 2002 crop insurance claim payments resulting from the drought.

Saskatchewan Crop Insurance 2003-2004 Strategic Plan

Last year, we outlined several goals, objectives and broad-based measures as a means for stakeholders to assess the performance of the Crop Insurance program. As this plan continues to evolve, it is expected many of these objectives and measures will be refined, providing a more thorough breakdown of the short, medium and longer term objectives and measures.

Minor changes in wording have been made to the 2003-2004 SAFRR vision statement and the corporation's first strategic goal; however, the direction of both of these items is consistent with the prior year. The key actions have been revised to focus on the critical few that will most impact the future of the corporation. Where a policy issue is identified to be actioned, it is not necessarily required to be implemented the next year. Some items may take several years to collect data and/or undertake the necessary stakeholder consultations.

As with any plan, actual activities and results may vary in response to future conditions and events.

Saskatchewan Agriculture, Food and Rural Revitalization Vision:

A thriving agricultural sector and dynamic rural communities that contribute to an enhanced quality of life for all Saskatchewan residents

Saskatchewan Crop Insurance Vision:

We excel at providing innovative agricultural insurance and related products and services and are a respected, integral part of a dynamic Saskatchewan agriculture sector.

Mission:

We develop and deliver effective and innovative agricultural insurance services to help sustain the agriculture sector.

Values:

Innovation, Open Two-way Communication, Teamwork, Accountability, Honesty, Fairness and Respect

Strategic Plan and Performance Management: Goals, Objectives and Key Actions

Strategic Goal 1: Customer Products and Services

Strong risk management programs and services responding to customer and industry needs to support prosperous, environmentally sustainable, agriculture production and processing industries

Objective 1: To provide valuable and innovative core risk management programs and services to our customers	**Key Actions:** • Maintain awareness of agriculture industry changes and their impact on our customers • Consistently provide products and services that respond to changing needs of customers • Assess the impact and opportunities for Crop Insurance under the new Agriculture Policy Framework Agreement • Assess the role and opportunity for future weather derivative products • Consider expanded e-business opportunities to improve customer service and convenience • Continue to enhance insurance information available to customers in a claim situation

Objective 2: To support diversification, livestock and industry expansion through program development	**Key Actions:** • Pursue opportunities to investigate and develop insurance products for crops that are currently not insured • Assess risk management needs and develop/expand insurance products for forage producers
Objective 3: To ensure customers have the best crop insurance information available to help them make farm management decisions	**Key Actions:** • Determine information needs of producers and usefulness of current data • Research impacts and opportunities associated with producer information needs regarding environmental farm planning and carbon sequestration
Objective 4: To identify opportunities for new innovative products or services to meet industry needs	**Key Action:** • Maintain awareness of agriculture industry changes and identify opportunities to develop products or services to meet industry needs

Performance Measures For Strategic Goal 1:
The performance measures for this goal are an assessment of the need for and value of the program placed on it by customers, efforts of the program to support the changing needs and diversification initiatives of producers and the extent to which producers support those changes.

Percentage of insured acres compared to seeded acres for annual and forage crops and long-term trends
Average level of coverage purchased on insured crops and long-term trends
Number of acres enrolled in Saskatchewan Management Plus (SMP) program compared to previous years

Strategic Goal 2: Financial Management

Effective and efficient public service, contributing to government goals and objectives

Objective 1: To ensure sound financial program management	**Key Actions:** • Continue using premium and coverage methodologies that have been actuarially certified • Prudent receivables management • Consider alternatives to provide greater premium rate stability • Ensure appropriate reinsurance is in place as defined by government stakeholders
Objective 2: To be proactively accountable to our stakeholders	**Key Action:** • Report the strategic direction and plan including actions, performance and achievements to stakeholders
Objective 3: To ensure administrative fiscal responsibility	**Key Actions:** • Plan for operational and strategic needs • Develop contingency plans for unexpected events and priority changes • Provide updates on actual expenditures on a timely basis

Performance Measures For Strategic Goal 2:
The performance measures for this goal are designed to measure efficient and effective program and administrative management.

Ratio of current year's premiums collected to invoiced as compared to long-term trends
The number of producer accounts cancelled at year-end for non-payment of premiums or not making suitable payment arrangements compared to long-term trends
Number of claim compliance audits completed and audit results
Amount of third-party revenue generated compared to long-term trends
Number of hours staff spent completing third-party revenue generation work compared to long-term trends
Ratios comparing administration expenses to liability, premiums, acres and contracts compared to long-term trends

Strategic Goal 3: Infrastructure and Internal Business Processes

Effective and innovative delivery of programs and services

Objective 1: To capture and analyze customer and industry feedback in order to provide more effective programs and delivery	**Key Action:** • Solicit customer and stakeholder feedback on product and service opportunities and improvements
Objective 2: To ensure our infrastructure meets the evolving delivery needs for our core business	**Key Actions:** • Ensure compliance with government on-line and provincial IT (information technology) initiatives • Ensure our infrastructure remains a strength and is able to adjust to changing customer needs and ways of doing business • Complete an electronic survey with customers using CropConnect (Crop Insurance's e-business initiative)
Objective 3: To continue to focus on quality, improving efficiency and productivity	**Key Action:** • Continuous process review and improvement

Performance Measures For Strategic Goal 3:
The performance measures for this goal are designed to measure how effective and innovative Crop Insurance is in program and service delivery.

Crop Insurance's website traffic and usage statistics
E-business (CropConnect) survey results and usage statistics
Percent of claims keyed into computers from remote locations compared to previous years

Strategic Goal 4: Employees

A learning organization and workplace of choice investing in staff to enhance their capability to reach their potential

The objectives under this goal focus on employees and the knowledge and tools they need to achieve excellent customer service.

As the objectives and actions to achieve this goal are internally focused, reporting and accountability for this goal are also internally directed.

2003-2004 Budget Overview

The appropriation for Crop Insurance in the 2003-2004 provincial budget has been prepared on the same basis as the 2002-2003 budget and is as follows:

	2002-03 Estimates $000s	Notes
Program Delivery	$ 25,000	1
Crop Premiums	90,000	2
Interest Subsidy	2,400	3
	$117,400	

Notes:

1) Crop Insurance anticipates claims will be reduced from over 100,000 inspections in 2002-2003 to average levels in 2003-2004.

2) The premium cost-sharing for 2003-2004 is expected to remain unchanged for producers, reverting to a 60 per cent federal and 40 per cent provincial split on the government share of premiums. In addition, total premiums are expected to be affected by premium rate increases, higher insured prices and coverage enhancements for 2003.

3) The financing costs associated with the Crop Reinsurance Fund debt and the Crop Insurance Fund cash flow deficits are due to the record 2002 claim payments resulting from the drought.

Financial Statements

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Management's Report

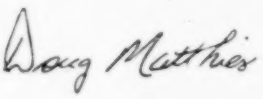
Responsibility for Financial Statements

The financial statements of the Saskatchewan Crop Insurance Corporation are the responsibility of management and prepared in accordance with Canadian generally accepted accounting principles, applied on a basis consistent with that of the preceding year. Management has applied its best judgment where estimates are required, using all information available up to May 13, 2003. Other financial information in the annual report is consistent with that provided in these financial statements.

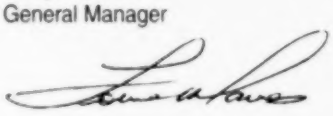
The corporation's accounting system and systems of internal control are maintained to provide reasonable assurance that transactions are properly authorized and recorded, that assets are properly safeguarded and that financial information is relevant and reliable.

The corporation's external auditor, KPMG LLP, has audited these financial statements and conducted a review of internal accounting policies and procedures to the extent required to enable them to express an opinion on these financial statements.

The board of directors of the Saskatchewan Crop Insurance Corporation is responsible for overseeing management's performance of its financial responsibilities and has reviewed and approved these financial statements.



Doug Matthies
General Manager



Lorne Warnes
Executive Manager of Finance and Administration

May 13, 2003

Saskatchewan Crop Insurance Corporation

Auditors' Report

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the balance sheet of Saskatchewan Crop Insurance Corporation as at March 31, 2003 and the statements of operations and net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Regina, Canada

May 13, 2003

Saskatchewan Crop Insurance Corporation

Balance Sheet

March 31, 2003 with comparative figures for 2002

	2003	2002
Assets		
Cash	$ 102,066	$ 59,578
Investments (note 4)	4,497,314	3,898,832
Due from the Province of Saskatchewan General Revenue Fund (note 3)	822,112	165,640,686
Accrued interest and other receivables	285,667	1,098,730
Transfers receivable from Province of Saskatchewan	915,870	-
Premiums receivable from producers	3,478,614	2,829,880
Premiums receivable from the Province of Saskatchewan	2,052,368	2,653,941
Premiums receivable from the Government of Canada	4,556,316	1,962,336
Indemnities receivable from Crop Reinsurance Fund of Saskatchewan	82,797,367	-
Indemnities receivable from Crop Reinsurance Fund of Canada for Saskatchewan	88,159,639	436,137
Prepaid expenses	73,579	76,850
Capital assets (note 5)	3,254,044	2,992,998
	$190,994,956	$181,649,968
Liabilities and Net Assets		
Accounts payable and accrued liabilities	3,855,329	2,428,969
Deferred indemnities payable	11,716,208	1,024,238
Indemnities payable	56,400,000	-
Reinsurance premium payable to Crop Reinsurance Fund of Saskatchewan	465,383	627,888
Loans Payable to the Province of Saskatchewan General Revenue Fund (note 6)	112,347,809	-
Deferred administration revenue (note 7)	6,210,227	5,093,723
	190,994,956	9,174,818
Net assets	-	172,475,150
	$190,994,956	$181,649,968

Commitments and contingencies (note 11).
See accompanying notes to financial statements.

On behalf of the Board:

Chairperson

Vice-Chairperson

Saskatchewan Crop Insurance Corporation

Statement of Operations and Net Assets

Year Ended March 31, 2003 with comparative figures for 2002

	2003	2002
Revenue		
Premium contributions:		
Producers	$ 85,994,050	$ 67,024,948
Government of Saskatchewan	84,277,392	78,973,836
Government of Canada	64,732,249	79,206,787
Transfer from Saskatchewan Agriculture, Food and Rural Revitalization (note 8)	13,636,909	-
	248,640,600	225,205,571
Less reinsurance premiums ceded:		
Crop Reinsurance Fund of Canada for Saskatchewan	16,670,646	13,404,724
Crop Reinsurance Fund of Saskatchewan (note 1)	19,873,423	15,117,239
	36,544,069	28,521,963
Net premiums	212,096,531	196,683,608
Interest income	3,179,442	9,716,519
Province of Saskatchewan - General Revenue Fund financing	915,870	-
New Crops Loss Recovery (note 1)	1,074,032	200,457
	217,265,875	206,600,584
Expenses		
Indemnities	1,089,044,004	331,488,218
Bad debts	(714,836)	3,230,867
Interest expense (note 6)	915,870	-
	1,089,245,038	334,719,085
Reinsurance Recovery:		
Crop Reinsurance Fund of Canada for Saskatchewan	477,779,035	-
Crop Reinsurance Fund of Saskatchewan	221,724,978	-
	699,504,013	-
Deficiency of revenue over expenses from insurance operations, before administration revenue and expenses	(172,475,150)	(128,118,501)
Administration revenue:		
Province of Saskatchewan operating grant (note 7)	27,303,496	25,973,933
Other administration revenue	374,143	331,882
	27,677,639	26,305,815
Administration expenses (Schedule 1)	27,677,639	26,305,815
Deficiency of revenue over expenses	(172,475,150)	(128,118,501)
Net assets, beginning of year	172,475,150	300,593,651
Net assets, end of year	-	$172,475,150

See accompanying notes to financial statements.

Saskatchewan Crop Insurance Corporation

Statement of Cash Flows

Year Ended March 31, 2003 with comparative figures for 2002

	2003	2002
Cash Provided by (Used In):		
Operating Activities:		
Deficiency of revenue over expenses	$(172,475,150)	$(128,118,501)
Item not affecting cash:		
Amortization	1,262,875	1,272,011
Change in non-cash operating items:		
Accrued interest and other receivables	813,062	7,224,924
Premiums receivable from producers	(648,734)	3,507,716
Premiums receivable from the Province of Saskatchewan	601,573	1,828,856
Premiums receivable from the Government of Canada	(2,593,980)	18,032,088
Due from Reinsurance Fund of Saskatchewan	(82,797,367)	-
Due from Reinsurance Fund of Canada for Saskatchewan	(87,723,502)	-
Prepaid expenses	3,271	(20,982)
Accounts payable and accrued liabilities	1,426,360	390,280
Deferred indemnities payable	10,691,970	897,098
Indemnities payable	56,400,000	-
Reinsurance premium payable to Crop Reinsurance Fund of Saskatchewan	(162,505)	(815,659)
Deferred administration revenue	1,116,504	(73,933)
	(274,085,623)	(95,876,102)
Financing:		
Increase in transfers receivable from the Province of Saskatchewan	(915,870)	-
Loans payable to the Province of Saskatchewan - General Revenue Fund	112,347,809	-
	111,431,939	-
Investment Activities:		
Purchase of capital assets	(1,523,920)	(1,151,040)
Decrease in cash and cash equivalents	(164,177,604)	(97,027,142)
Cash and cash equivalents, beginning of year	169,599,096	266,626,238
Cash and cash equivalents, end of year	$ 5,421,492	$ 169,599,096
Represented by:		
Cash	$ 102,066	$ 59,578
Investments	4,497,314	3,898,832
Due from Province of Saskatchewan General Revenue Fund	822,112	165,640,686
	$ 5,421,492	$ 169,599,096

See accompanying notes to financial statements.

Saskatchewan Crop Insurance Corporation

Administration Expenditures

Year Ended March 31, 2003 with comparative figures for 2002

Schedule 1

	2003	2002
Adjusting and grain grading wages and expenses	$ 9,502,335	$ 8,839,286
Advertising	386,788	264,775
Amortization	1,262,875	1,272,011
Appeal Panel and Board of Directors meetings	66,234	44,789
Collection fees	48,547	81,537
Computer	1,333,844	1,027,141
Office rental	1,006,884	1,005,984
Office supplies and duplicating	496,052	462,130
Other	302,760	312,969
Postage	369,311	337,171
Professional fees	610,278	506,296
Salaries and benefits	11,152,169	10,897,694
Telephone	296,846	308,130
Travel and sustenance	842,716	945,902
	$27,677,639	$26,305,815

See accompanying notes to financial statements.

Saskatchewan Crop Insurance Corporation

Notes to Financial Statements

March 31, 2003

1. Status of the corporation:

The Saskatchewan Crop Insurance Corporation (the Corporation), a provincial Crown Corporation, was established under *The Crown Corporations Act* and continued under *The Crop Insurance Act.*

The Corporation administers the federal provincial crop insurance program. In addition, on behalf of the Saskatchewan Agricultural Stabilization Fund, the Corporation administers the Waterfowl Damage Compensation, New Crops Insurance, Big Game Damage Compensation, Unseeded Acreage Benefit, Canada-Saskatchewan Adjustment and Canada - Saskatchewan Assistance accounts. The financial results of the Saskatchewan Agricultural Stabilization Fund are reported separately.

The Canada-Saskatchewan Crop Insurance Agreement requires that reinsurance funds be established by the Government of Canada and the Government of Saskatchewan. These reinsurance funds receive reinsurance premiums from the Corporation and, under certain circumstances, pay reinsurance benefits to the Corporation.

Crop insurance rates and reinsurance premiums are set such that the Crop Insurance Program is actuarially sound over the long term. Any indemnities receivable, in excess of assets within the Crop Reinsurance Fund of Saskatchewan, will be recovered through future reinsurance premiums paid by the Corporation. If these future reinsurance premiums are insufficient to pay reinsurance benefits and repay this indemnity receivable, the Government of Saskatchewan is required to fund any deficiency.

The Crop Reinsurance Fund of Saskatchewan is administered by the Corporation. The operations, assets and liabilities of this reinsurance fund are shown in separate financial statements as required by the Canada-Saskatchewan Crop Insurance Agreement.

As a crown entity, the Corporation is not subject to federal or provincial income tax, or federal goods and services tax.

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Capital assets:
Capital assets are capitalized and amortized over their useful lives. They are recorded on the balance sheet at their net book value.

Amortization is charged against operations, and is provided on a straight line basis over the estimated useful lives of the assets with half the normal amortization taken in the year of purchase.

The rates of amortization are:

Equipment	20%
Leasehold improvements	20%
Computer equipment	20%

Cash and cash equivalents:
Cash and cash equivalents consist of cash, short-term investments with a maturity of 90 days or less and the Corporation's insurance fund bank account which is included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan (note 3).

Investments:
Investments are recorded at cost less any writedown required to reflect an impairment in value, which is considered other than temporary in nature.

Indemnities payable:
Indemnities payable represented an estimate of the total cost of outstanding claims to the year-end date. Measurement of the indemnities payable was uncertain as all of the necessary information for reported claims was not available as of the year-end and therefore estimates were made as to the value of these claims. As a result, indemnities payable was selected from a range of possible outcomes and actual results may differ materially from the estimate.

Premium revenue recognition:
Crop insurance is a cost-shared program. Premium payments, for each of the last two years, are cost-shared as follows:

Year	Producers %	Federal Gov't. %	Provincial Gov't. %
2002-03			
Base (50%) coverage	19	36	45
Buyup (60-80%) coverage	48	22	30
2001-02			
Base (50%) coverage	10	45	45
Buyup (60-80%) coverage	40	30	30

Premiums, including the producer, federal and provincial governments' shares, are recognized as income when invoiced to producers.

Use of estimates:
The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ materially from those estimated.

Saskatchewan Crop Insurance Corporation

Notes to Financial Statements

March 31, 2003

3. Due from Province of Saskatchewan General Revenue Fund:

The Corporation's insurance bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan.

Interest is earned on these funds at the government's thirty day borrowing rate, and is based on the Corporation's average daily account balance. Interest is paid by the Province of Saskatchewan General Revenue Fund to the Corporation on a quarterly basis. During the current year, the average rate was 2.62% (2002 - 3.41%).

4. Investments:

The Corporation's investments are in term deposits maturing during the first week of April, 2003 with effective interest rates of 3.0% (2002 - first week of April, 2002 and 2.0%, respectively).

5. Capital assets:

	Cost	Accumulated Amortization	2003 Net Book Value	2002 Net Book Value
Equipment	$ 2,710,330	$ 2,200,061	$ 510,269	$ 626,752
Leasehold improvements	822,129	494,618	327,511	482,636
Computer equipment	15,733,699	13,317,435	2,416,264	1,883,610
	$19,266,158	$16,012,114	$3,254,044	$2,992,998

6. Loans payable to the Province of Saskatchewan General Revenue Fund:

At March 31, 2003 the Crop Reinsurance Fund of Saskatchewan is in a deficit position, and significant reinsurance recoveries are receivable from the Crop Reinsurance Fund of Canada for Saskatchewan. As a result, the General Revenue Fund has provided two loans to the Corporation.

The first loan is for $63,000,000 from a line of credit established with the Province of Saskatchewan's General Revenue Fund. Interest is charged to the Corporation on a quarterly basis at the Province's short-term borrowing rate. This loan is due June 27, 2003.

The second loan is for $49,347,809 and bears interest at the rate of 4.75%. Interest of $915,870 on this loan is financed by an appropriation from the General Revenue Fund. This loan has a maturity date of September 24, 2009.

These loans may be retired earlier or extended based the operating results of the insurance program.

7. Deferred administration revenue:

Under the terms of federal-provincial agreements, eligible administration revenue and expenses are shared equally. Government of Canada contributions are paid to the Government of the Province of Saskatchewan General Revenue Fund, which remits them to the Corporation.

To the extent this funding was not required to pay administration fund expenses of the current year it has been deferred and shown as deferred administration revenue and will be used to fund future administration expenses.

Details of administration funding received and recorded as revenue follows:

	2003	2002
Deferred administration revenue, beginning of year	$ 5,093,723	$ 5,167,656
Province of Saskatchewan General Revenue Fund net operating grant Received	28,420,000	25,900,000
Net operating grant recorded as Revenue	(27,303,496)	(25,973,933)
Deferred administration revenue, end of year	$ 6,210,227	$ 5,093,723

8. Transfer from Saskatchewan Agriculture, Food and Rural Revitalization:

Funds were transferred from Saskatchewan Agriculture, Food and Rural Revitalization to reflect the added risk to the Corporation for extending the 2002 crop year sign-up deadline to April 19, 2002.

9. Pension plans:

The corporation's employees participate in either the Public Service Superannuation Plan, a multi-employer defined benefit pension plan, or the Public Employees Pension Plan, a multi-employer defined contribution pension plan. Pension costs of $755,552 are included in salaries and benefits and comprise the cost of employer contributions for current service of employees during the year.

Notes to Financial Statements

March 31, 2003

10. Related party transactions:

Included in these financial statements are transactions with various Saskatchewan crown corporations, departments and agencies related to the Corporation by virtue of common control exercised by the Government of the Province of Saskatchewan.

In addition, one of the Corporation's directors is a partner in an organization which provided professional services to the corporation. During the current year these services amounted to $249,683 (2002 - $271,653).

Routine operating transactions with related parties are measured at prevailing market prices under normal trade terms. These financial statements include the following balances from and transactions with related parties:

	2003	2002
Accounts payable and accrued liabilities	$ 144,780	$ 111,264
Administration expenses	$6,557,802	$5,842,842

Other related party transactions are disclosed elsewhere in these financial statements.

11. Commitments and contingencies:

Commitments:
The Corporation is committed to the Saskatchewan Property Management Corporation, a related crown entity, for several leases for office space with annual payments of $1,003,999. The leases are currently renewable on an annual basis.

Contingencies:
Pursuant to *The Canada-Saskatchewan Crop Insurance Agreement*, in the event the agreement is terminated and no new agreement is entered into, all capital assets funded by the agreement shall be disposed of and the proceeds shall be shared equally by the Government of the Province of Saskatchewan and the Government of Canada. As of March 31, 2003, all capital assets owned by the Corporation had been funded by this agreement.

Various legal actions for additional crop insurance indemnity payments have been initiated against the Corporation. Presently, the Corporation is actively defending these cases. While the outcome of these claims cannot be determined, management is of the opinion that the result of these actions will not have a material impact on the Corporation's financial position.

12. Fair value of financial assets and financial liabilities:

The carrying amounts of the following financial assets and financial liabilities approximate fair value due to their short term nature:

- Cash
- Investments
- Due from the Province of Saskatchewan General Revenue Fund
- Accrued interest and other receivables
- Transfers receivable from Province of Saskatchewan
- Premiums receivable from producers
- Premiums receivable from the Province of Saskatchewan
- Premiums receivable from the Government of Canada
- Indemnities receivable from Crop Reinsurance Fund of Saskatchewan
- Indemnities receivable from Crop Reinsurance Fund of Canada for Saskatchewan
- Accounts payable and accrued liabilities
- Deferred indemnities payable
- Indemnities payable
- Loans payable to Province of Saskatchewan General Revenue Fund
- Reinsurance premium payable to Crop Reinsurance Fund of Saskatchewan

The fair value of the loan payable to the Province of Saskatchewan General Revenue Fund also approximates its book value.

Crop Reinsurance Fund of Saskatchewan

Auditors' Report

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the balance sheet of Crop Reinsurance Fund of Saskatchewan as at March 31, 2003 and the statements of operations and deficiency for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2003 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Regina, Canada

May 13, 2003

Crop Reinsurance Fund of Saskatchewan

Balance Sheet

March 31, 2003 with comparative figures for 2002

	2003	2002
Assets		
Due from Province of Saskatchewan General Revenue Fund (note 3)	$ 504	$118,892,187
Reinsurance premium receivable from Saskatchewan Crop Insurance Corporation	465,383	627,888
	$ 465,887	$119,520,075
Liabilities and deficiency		
Due to Saskatchewan Crop Insurance Corporation	$ 82,797,367	$ -
Fund balance (deficiency)	(82,331,480)	$119,520,075
	$ 465,887	$119,520,075

See accompanying notes to financial statements.

On behalf of the Board:

Chairperson

Vice-Chairperson

Crop Reinsurance Fund of Saskatchewan

Statement of Operations and Deficiency

Year Ended March 31, 2003 with comparative figures for 2002

	2003	2002
Revenue		
Premium ceded from the Saskatchewan Crop Insurance Corporation	$ 19,873,423	$ 15,117,239
Expenditure		
Reinsurance claim from Saskatchewan Crop Insurance Corporation	221,724,978	-
Excess (deficiency) of revenue over expenditures	(201,851,555)	15,117,239
Fund balance, beginning of year	119,520,075	104,402,836
Fund balance (deficiency), end of year	$ (82,331,480)	$119,520,075

See accompanying notes to financial statements.

Crop Reinsurance Fund of Saskatchewan

Notes to Financial Statements

March 31, 2003

1. Status of the fund:

The Canada-Saskatchewan Crop Insurance Agreement between the Government of the Province of Saskatchewan and the Government of Canada provides for the establishment of two reinsurance funds:

a) The Crop Reinsurance Fund of Saskatchewan which is administered by the Government of the Province of Saskatchewan, and

b) The Crop Reinsurance Fund of Canada for Saskatchewan which is administered by the Government of Canada.

2. Significant accounting policies:

Premium ceded from the Saskatchewan Crop Insurance Corporation:
Under the terms of the agreement referred to in note 1, the Saskatchewan Crop Insurance Corporation is required to pay reinsurance premiums to the reinsurance funds based on premiums received during the insurance year.

Liability for claim payments from the reinsurance funds:
Under the terms of the agreement referred to in note 1, payments are required from the reinsurance funds if indemnities which were required to be paid in an insurance year exceeded the aggregate of:

a) the premium receipts for the year less reinsurance premiums ceded, and

b) the net assets of the Saskatchewan Crop Insurance Corporation's Crop Insurance Fund.

To the extent that payments are required out of the reinsurance funds, the Crop Reinsurance Fund of Saskatchewan is responsible for an amount not exceeding 2 1/2% of the total liability under policies in force in the insurance year. However, the Crop Reinsurance Fund of Saskatchewan is not required to pay any amounts if it has made a payment in previous years and the payment that has not yet been recovered from its operations exceeds 16.67% of the total liability of the policies in force for the current year.

The balance of indemnities that exceed the net assets in the Saskatchewan Crop Insurance Corporation are shared 75% by the Reinsurance Fund of Canada for Saskatchewan and 25% by the Reinsurance Fund of Saskatchewan.

Crop insurance rates and reinsurance premiums are set such that the Crop Insurance Program is actuarially sound over the long term. Any indemnities payable to the Saskatchewan Crop Insurance Corporation, in excess of assets within the Crop Reinsurance Fund of Saskatchewan, will be recovered through future reinsurance premiums paid by the Saskatchewan Crop Insurance Corporation. If these future reinsurance premiums are insufficient to allow the Crop Reinsurance Fund of Saskatchewan to repay this payable, the Government of Saskatchewan is required to fund any deficiency.

Use of estimates:
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ materially from those estimated.

3. Due from Province of Saskatchewan General Revenue Fund:

The Crop Reinsurance Fund bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan.

Interest earned on these funds is not allocated to the Crop Reinsurance Fund.

4. Statement of cash flows:

A statement of cash flows has not been prepared as a separate statement would not provide additional, useful information.

5. Fair value of financial assets:

The carrying amounts of the following financial assets and liabilities approximate fair value due to their short-term nature:

- Due from the Province of Saskatchewan General Revenue Fund
- Reinsurance premium receivable from the Saskatchewan Crop Insurance Corporation
- Due to Saskatchewan Crop Insurance Corporation

Appendix 1

2002-2003 Saskatchewan Crop Insurance Program

The Crop Insurance program offers insurance on the production of a minimum yield and quality of grain. The insurance is based on their previous growing experience or area experience if they are new producers. In order to keep their insurance valid, producers must follow good farming practices. The following is a summary of the major program features and options.

Insured Perils

Insurance is offered against the following specific uncontrollable natural perils: drought, excessive rain, hail, flood, frost, snow, wind, lightning, hurricane, tornado, accidental fire, damage caused by wildlife, waterfowl, insects and plant disease. If the loss is due to farm management decisions or practices, the non-performance of third party products or third party damage (ie: spray drift), coverage may be reduced or denied.

Premium Cost Sharing and Coverage Levels

Crop Insurance premiums are cost-shared between producers and the federal and provincial governments. Historically, the federal and provincial governments have allocated approximately $195 million and $130 million respectively to risk management programs of which crop insurance is one part. Each government's specific contribution to premiums is based on the forecasted participation and overall cost of all the programs being managed within the broader envelope of funds.

In 2002, the premium cost sharing was as follows:

	Base Coverage	Buy-Up Coverage
Producers' share	19%	48%
Government of Saskatchewan	45%	30%
Government of Canada	36%	22%

Base coverage is defined as 50 per cent of a producers' average yield. Buy-up coverage is defined as 60, 70 and 80 per cent of a producer's average yield with the change in cost-sharing only applying to the incremental cost above the base level. Some crops are only eligible for 50, 60 and 70 per cent coverage, based on the amount of data available to confidently predict probable yields.

A special premium assessment was also applied for 2002 as an estimate of the impact of adverse selection resulting from an extension of the spring endorsement deadline from March 31 to April 19. Based on advice from an actuary, it was agreed that this charge should be six per cent of the premium otherwise assessed for the 2002 crop year, or approximately $13.6 million. The federal and provincial governments agreed that this would be sourced from the New Crops Insurance Account (see Appendix 2).

Insured Price

The insured price is the forecasted average price a commodity will sell for during the crop year as determined by Saskatchewan Crop Insurance in consultation with Agriculture and Agri-Food Canada.

Insurable Crops

Crops insurable in 2002 under the annual crops program were: hard red spring and extra strong red spring wheat, Canada prairie spring wheat, red winter wheat, durum, barley, oats, flax, canary seed, fall and spring rye, mustard (yellow, brown and oriental), canola, sunflowers, field peas, lentils (large green, red and other), triticale, fababeans, chickpeas (Desi, large seed Kabuli and small seed Kabuli), coriander, caraway (biennial), alfalfa seed, Khorasan wheat/Kamut brand grain, dry beans (pinto, black and other) and potatoes.

Insurable forage crops included tame hay, greenfeed, dehydrated alfalfa and sweetclover. With perennial forages, different forage classes are established to recognize the age and productivity of the stand. The Forage Rainfall Program insured tame grazing and native forage acres against below normal rainfall.

Individual Coverage (Yield Guarantees)

Producers are guaranteed a minimum yield based on the coverage selected as a percentage of their long-term individual yield. Individual yields are specific to each producer, consisting of their personal yield experience for each crop insured. New customers without sufficient, verifiable historical information to base their initial coverage on will have their yield history supplemented with area average experiences.

With each year a customer grows an insured crop, their long-term individual yield history is updated to reflect experience for future coverage. For practical purposes, there is a one-year lag in this calculation. The updated formula uses 90 per cent of the previous average plus 10 per cent of the new annual yield information.

An index is also calculated for each customer, comparing their cumulative experience to that of the area in which

they farm. If a customer does not grow a particular crop for a year or a period of years, the next time they grow said crop, their coverage is a function of their index multiplied by the area average yield at that time.

Management Experience Transfer

The Management Experience Transfer (MET) is used to determine a potential yield for a crop that an existing customer has not previously grown and insured. The new crop coverage is the area average of the crop adjusted by an index of the producer's personal yield experience versus the area yields for the other crops the producer grows and insures. Once yields are established, they are updated with individual annual production information and the customer receives Individual Coverage.

Quality Loss Compensation

Available on most annual crops, the quality guarantee compensates for loss in value as a result of grade loss. A designated grade has been established for each crop based on the historical average grade produced in Saskatchewan. When the grade of the harvested production is lower than the designated grade, the production is adjusted downward by a quality factor. This increases the insurance claim to recognize the lost value. The quality factor is determined as the ratio of the price for the harvested grade compared to the price for the base grade.

Establishment and Unseeded Acreage Benefits

Insurance coverage includes crops that fail to establish and acres unseeded due to excessive spring moisture. An Establishment Benefit is available on crops that fail to adequately establish or suffer significant damage due to insurable causes up to June 20. Establishment indemnity payments are $20 per acre for cereals, flax, mustard and coriander; $25 per acre for canola and sunflowers; and $30 per acre for pulse crops (lentils, field peas, chickpeas, fababeans and dry beans).

Under the Unseeded Acreage feature, producers who are unable to seed their normal number of acres due to excessive moisture as of June 20 are eligible to receive up to $50 per acre.

Winterkill Coverage

Winterkill coverage is offered as a separate option for fall crops. Until August 25, 2002, producers could select winterkill insurance on crops seeded by September 25, 2002.

Irrigation Coverage

Producers selecting this land-use benefit from higher coverage since crops produced on irrigated land are expected to have a higher yield than dry land crops. Premium rates are lower to reflect the reduced risk. Producers who insure irrigated crops are required to insure all acres of that crop seeded to dry land. All production will be considered in yield-loss adjustments regardless of whether it is grown on irrigated or dry land.

Spring flood-type irrigation is not adequate and irrigated acres will be inspected to establish the effectiveness of the irrigation schedule and application. Drought is not an insurable cause of loss under the irrigation option.

Diversification Option

The Diversification Option is available on crops and varieties that are not insurable under the regular Crop Insurance program or the New Crops program. Customers must have insured acres under the grains program to be eligible. There were 3,316 diversification acres insured under 38 contracts in 2002, protecting crops such as borage, buckwheat and corn.

Coverage levels, premiums and any claims paid for the crop or variety grown under the Diversification Option are equal to the coverage, premiums and claim amounts for all insured acres under the grains program. A maximum of 20 per cent of total acres insured under the grains program can be insured under the Diversification Option.

Organic Crop Option

To be eligible for the Organic Crop Option, customers must be certified as an organic producer in the current year. Organic insurance is based on estimated higher market prices for these commodities. Yields are reduced and premium rates are higher to reflect the increased risk in growing organic crops. If a customer loses their organic certification during the year, organic prices are reverted to commercial but the production guarantee will remain the same. In 2002, there were 334 contracts that insured 110,068 acres under the Organic Crop Option, a 31 per cent increase in contracts and 39 per cent increase in acres from 2001.

Pedigreed Seed Option

The Pedigreed Seed Option recognizes the unique value and higher costs associated with pedigreed seed production by using commodity prices 30 per cent higher than commercial prices for oilseeds and 20 per cent higher for other crops. This option provides compensation on crops that fail germination standards due to an insured cause of loss, preventing customers from selling

their products as Canada Certified number one seed. In 2002, Crop Insurance insured 172,665 pedigreed acres on 237 contracts.

Members of the Certified Seed Growers Association are eligible to participate. Customers must also insure any commercial crops grown at the same coverage level and store pedigreed seed separate from commercial production.

Forage Insurance

For forage producers, insurance is available on the following crops.

- **Tame hay** includes established tame perennial crops grown for forage (alfalfa, alfalfa/grass, grass and red clover).
- **Greenfeed** is an established annual cereal crop grown for hay (wheat, barley, oats, triticale, fall and spring rye).
- **Dehydrated alfalfa** covers established alfalfa acres contracted to a participating Saskatchewan dehy plant.
- **Sweetclover** acres grown for forage may be insured. Acres endorsed in the year they are seeded are covered for establishment at $15 per acre. Those that successfully establish are automatically insured for yield-loss.

Forage producers also have the option of the Forage Establishment Benefit (FEBO). This provides establishment coverage on acres seeded to tame perennial forage including alfalfa, alfalfa/grass, grass and red clover. For newly seeded tame perennial acres insured in 2002, the deductible on forage establishment claims was reduced from 30 to 15 per cent.

Original data stated 30 per cent of the province's forage did not establish and this level of deductible was put in place to meet federal regulation requirements. As producers insured more forage acres, more detailed and current information became available. Crop Insurance recalculated historical losses, determining that a 15 per cent deductible was adequate to meet regulatory requirements.

Weather Derivative Programs

Investigating new insurance products to meet the changing needs of Saskatchewan producers, Crop Insurance launched two weather derivative programs in 2002. These area-based, weather derivative programs were designed to enhance existing coverage for forage and annual crops.

Claims were triggered if the weighted precipitation over the specified period was below 80 per cent of normal. For each percentage point below 80 per cent, 2.5 per cent of liability was paid. Total liability was paid when precipitation fell below 40 per cent of normal. There was a monthly maximum of 150 per cent and any precipitation received above this 150 per cent was not included in the calculation. Claims were paid based strictly on the data collected at the weather stations as verified by Environment Canada. These were not individual production programs; indemnities were not tied to individual yields or the amount of rainfall on individual parcels of land.

Based on the pilot program of 2001, the **Forage Rainfall Program** was expanded province-wide for 2002, protecting tame grazing and native forage acres against below average seasonal precipitation from April 1 through July 31. Acknowledging the importance of timely rainfall, the months were weighted with less emphasis on July.

The **Annual Crop Rainfall Pilot Program** protected annual crops against below average seasonal precipitation May 1 to August 31. As a pilot program, liability was limited at each weather station. Producers could insure up to 500 annual crop acres on a first come, first serve basis allowing nearly 2,300 producers to enroll.

Insured Acres By Crop

YEAR	Wheat	Hard Red Spring	Durum	Barley	Oats	Flax	Canola	Fall Rye	* Sun Flowers	Extra Strong Red Spring Wheat	Mustard	Yellow Mustard	Brown Mustard	Oriental Mustard	Field Peas	Lentils	Lentils Large Green	Lentils Large Red	Lentils Other	Canary Seed	Soft White Spring Wheat	Spring Rye	Triti-cale	Winter Wheat	Faba-beans	Dry Beans	Dry Bean Black (Irr)	Dry Bean Pinto(Irr)	Dry Bean Other (Irr)	Coriander	Caraway	Canada Prairie Spring Wheat	Desi Chickpea	Kabuli Chickpea	Kabuli Chickpea Large Seed	Kabuli Chickpea Small Seed	Alfalfa Seed	Potatoes	Processing Potato	Seed Potato	Diversifi-cation	Khorsan Wheat	Winterkill Acres	Total	# of Contracts	**Average
1961-62	28.600			1.740	3.160																																					33.500	194	173
1962-63	180.000			18.400	27.800																																					226.200	1.337	169
1963-64	304.600			29.200	38.000																																					371.800	2.235	166
1964-65	414.700			25.800	23.000																																					463.500	2.357	197
1965-66	512.200			37.100	21.200																																					570.500	3.172	180
1966-67	1.182.600			143.000	20.600																																					1.346.200	6.989	193
1967-68	1.593.000			190.000	23.000																																					1.806.000	8.211	220
1968-69	2.742.000			214.000	35.000																																					2.991.000	12.343	242
1969-70	2.145.000			216.000	37.000																																					2.398.000	11.637	206
1970-71		579.500	137.400	262.500	24.400																																					1.003.800	9.083	111
1971-72		1.040.200	149.000	250.600	24.800																																					1.464.600	7.890	186
1972-73		1.613.505	385.088	362.166	40.855	41.267	146.301																																			2.589.182	11.844	219
1973-74		4.731.716	715.544	1.008.656	234.891	153.252	388.380	2.177	1.050																																	7.235.666	23.909	303
1974-75		5.615.440	1.360.053	1.507.827	430.933	218.854	545.896	14.054	190	42.295	68.880																															9.804.422	31.411	312
1975-76		6.673.045	2.072.676	1.519.288	559.950	227.902	881.834	29.722	829	67.105	33.671																															12.066.222	38.209	316
1976-77		8.452.752	1.870.193	1.389.155	549.122	90.225	328.818	49.101	570	60.345	17.950				3.287																											12.811.518	39.143	327
1977-78		10.367.504	1.216.680	2.246.807	746.651	365.647	774.775	47.929	2.291	264.967	73.457				9.919																											16.116.827	47.156	342
1978-79		8.692.868	2.266.101	1.631.337	476.210	221.894	1.415.738	83.014	2.004	226.913	73.363				9.814																											15.099.256	43.032	351
1979-80		8.706.489	1.721.750	1.270.343	361.241	386.897	1.616.044	76.076	4.128	58.068	44.418				12.789	13.941				24.075		4.858																					14.301.117	40.154	356
1980-81		9.783.115	2.147.814	1.796.748	480.810	247.139	1.085.158	89.389	10.632	44.046	110.742				17.569	43.400				50.881		13.493																					15.919.936	42.850	372
1981-82		11.097.416	2.749.049	2.180.806	546.035	210.676	686.360	138.233	4.791	37.515	75.290				15.942	44.648				39.962		18.022		152																			17.845.097	46.259	386
1982-83		11.250.517	2.237.746	2.049.734	461.074	275.290	757.199	147.036	3.601	34.773	49.725				26.530	63.902				89.761		25.008		370																			17.472.266	44.469	393
1983-84		11.854.822	2.087.304	1.614.460	326.370	123.665	1.112.926	135.117	1.306	25.787	90.580				21.594	56.294				47.883		8.072		1.177																			17.510.357	43.000	407
1984-85		10.931.701	2.561.121	1.823.475	376.268	372.201	1.770.049	105.569	5.895	58.823	164.691				28.907	76.035				67.907		9.133		2.010																			18.353.785	43.443	422
1985-86		11.853.170	2.899.744	2.218.712	469.229	430.229	1.803.123	118.634	6.103	167.936	222.031				43.798	110.489				84.892	9.329	23.484		416.257	1.017																		20.978.177	46.894	445
1986-87		13.296.153	3.172.596	2.394.632	468.090	501.806	1.665.883	187.634	6.493	156.036	271.288				102.565	218.964				131.153	11.301	29.369	2.887	602.306	2.599																		23.223.755	48.952	474
1987-88		11.674.712	3.710.793	2.497.283	456.691	351.599	1.827.739	164.669	11.334	59.578	117.443				206.548	333.353				158.996	4.468	15.219	2.079	264.277	4.387																		21.661.168	46.492	466
1988-89		10.840.175	3.880.322	2.090.117	628.814	312.559	2.586.023	138.679	10.529	58.419	247.822				235.656	185.865				183.337	2.262	20.727	1.711	130.624	12.370																		21.566.031	45.721	472
1989-90		12.070.775	4.684.235	2.759.566	758.462	533.851	2.295.868	330.134	10.019	58.177	361.354				96.573	166.849				244.304	2.043	18.008	1.166	51.912	983																		24.444.278	49.267	496
1990-91		12.962.716	3.580.820	2.372.150	444.078	655.579	2.065.296	227.450	8.102	44.891	361.373				75.248	199.668				243.712	2.972	15.828	5.115	58.391	575	366						53.817											23.388.147	46.523	503
1991-92		15.512.081	3.723.365	2.776.307	382.028	483.221	3.121.653	98.670	16.917	24.921	196.406				156.871	407.874				207.718	6.445	18.445	5.097	23.570	3.117	219						326.653						1.577					27.483.146	51.466	534
1992-93		14.453.469	2.485.801	2.166.076	419.373	206.509	2.735.548	57.084	9.439	22.908	235.996				221.185	319.646				183.367	4.350	17.793	7.802	14.694	3.268	204						551.764						619					24.086.895	49.466	487
1993-94		9.724.157	1.942.853	1.738.413	366.814	409.525	3.305.427	77.362	20.748	124.147	233.671				355.351	439.630				201.562	1.149	12.924	11.414	15.838	1.532	208						564.436						431					19.547.592	45.752	427
1994-95		6.315.045	2.785.708	1.408.404	318.456	563.646	4.508.878	56.879	16.140	98.647	386.635				570.038	496.761				276.513	0	12.929	7.152	10.227	298	472						329.936						1.141			4.803		18.168.710	43.107	421
1995-96		6.868.737	2.825.626	1.789.833	256.052	759.514	4.265.004	46.860	11.515	147.124	288.527				740.427	468.360				209.954	80	4.510	5.785	20.426	290	1.357						404.611						703			4.798		19.140.093	40.904	468
1996-97		8.213.055	2.708.185	1.966.217	433.415	435.399	2.670.161	34.136	6.683	214.413	246.407				472.253	374.975				281.035	549	4.306	5.465	41.669	130	1.454						579.749						898			2.480		18.713.064	38.099	491
1997-98		6.963.500	3.066.510	2.069.474	479.457	792.587	3.806.591	40.008	16.688	215.154	309.005				872.473	487.762				165.433	357	5.762	7.384	47.342	310	1.558						796.755						3.847			4.066		20.151.723	36.030	559
1998-99		5.903.875	4.322.155	2.075.545	706.099	991.327	4.377.810	68.755	20.402	177.123	348.309				1.164.713	587.490				290.581	260	8.520	18.794	55.067	527	2.393						595.423	29.647	33.964			23.870	8.278			5.517		21.520.464	35.336	609
1999-00		6.389.437	2.491.946	2.080.267	536.971	889.593	4.612.512	47.853	32.733	136.885		109.918	116.924	166.648	926.633	842.009				207.414	483	4.986	19.513	48.789	650	2.385			10.091	4.308	394.939	128.926	132.441			27.866		79	2.061	3.109		20.368.269	33.216	613
2000-01		6.262.416	4.207.869	3.060.719	661.663	740.657	4.219.946	31.051	21.178	132.067		81.003	93.991	169.206	1.548.056	1.357.437				296.903	316	2.303	15.989	86.395	905	3.608			11.074	4.970	323.873	293.461	354.696			49.432		603	3.204	2.199	57.542	24.094.432	34.121	706
2001-02		7.847.343	3.477.740	3.010.165	716.488	920.117	3.595.269	24.763	9.876	82.822		147.548	47.228	75.446	1.918.743		648.552	404.269	349.218	291.850	130	2.769	16.892	125.385	1.626	2.369			8.467	6.227	306.318	310.338		438.512	254.855	61.920		1.439	2.238	2.099	117.194	25.225.915	33.917	744
2002-03		7.243.121	4.080.229	3.365.841	1.078.809	994.805	3.398.946	24.914	22.968	42.155		331.759	112.239	103.662	1.773.176		723.460	250.127	300.037	648.951		6.072	29.255	70.880	725	632	270	2.590	730	20.636	7.116	313.806	149.216		169.011	95.220	65.688		1.767	2.536	3.239	3.629	98.524	25.536.743	33.814	755

1991-92, 1992-93, 1993-94 and 1994-95 information is for Crop Insurance only and the crop insurance portion of GRIP.

* Sunflower includes sunwheat and sunola. ** Average (acres per contract) does not include the Forage Insurance program.

Appendix 2

New Crops Insurance Account

The New Crops Insurance Account was established in 1996 as a mechanism to assist Crop Insurance in developing programs that support the diversification efforts of Saskatchewan producers.

Crops insured under the traditional Crop Insurance program are subject to periodic actuarial review to ensure the premiums and coverage being offered are appropriate based on historical experience and long-term sustainability of the program. Premium rates for crops insured under the regular program are also loaded to provide for deficit recovery or reserve accumulation.

The New Crops Insurance Account allows insurance to be offered on crops where there is limited data under Saskatchewan growing conditions for an actuary to review. Premiums and coverage are determined in conjunction with the industry and available information which may include proxy data from other jurisdictions. Over time, the rates and coverage are adjusted to reflect the increasing amount of Saskatchewan data available and eventually the crops associated with this program will be transitioned into the regular Crop Insurance program.

This account essentially provides funded reinsurance for crops insured under this initiative. As a result, the premiums charged for these crops are not required to include the deficit recovery or reserve accumulation loads associated with the regular Crop Insurance program. This is considered an important aspect of gaining producer support, making any appropriate modifications to the insurance offered and building the resulting actuarial data to sustain these programs for the long term.

The crops covered under this reinsurance program in 2002-2003 were alfalfa seed, coriander, caraway, Khorasan wheat/Kamut brand grain, and non-irrigated beans that were insured as part of a pilot program in limited areas of the province.

The following table indicates the federal and provincial contributions as they were being negotiated, not necessarily as they were received, and the expenditures made. These tables are not prepared in accordance with the accounting policies disclosed in the Agricultural Stabilization Fund; however, on a cumulative basis these amounts reconcile with those financial statements.

New Crops Insurance Account*

Contributions, Interest and Claims By Crop Year (000's)

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	Total
Opening Balance	$ -	$15,000	$25,190	$26,271	$27,443	$24,220	$23,153	$ -
Contributions								
Saskatchewan	5,000	5,000	-	-	-	-	-	10,000
Canada	10,000	5,000	-	-	-	-	-	15,000
Interest	-	190	1,081	1,284	1,568	866	605	5,594
	15,000	10,190	1,081	1,284	1,568	866	605	30,594
Expenditures								
Reinsurance Premiums	-	-	-	-	(1,050)	(1,733)	-	(2,783)
New Crops Program Deficit	-	-	-	(112)	(3,741)	(200)	(1,074)	(5,127)
Transfer for Crop Insurance Fund	-	-	-	-	-	-	(13,637)	(13,637)
	-	-	-	(112)	(4,791)	(1,933)	(14,711)	(21,547)
Ending Balance	$15,000	$25,190	$26,271	$27,443	$24,220	$23,153	$ 9,047	$ 9,047

* - Unaudited, refer to table explanation.

Appendix 3

Waterfowl and Big Game Crop Damage Compensation Programs

Saskatchewan Crop Insurance administers the Waterfowl Damage Compensation Program and the Big Game Damage Compensation Program on behalf of the federal and provincial governments. Financial reporting for the programs is included in the financial statements of the Agricultural Stabilization Fund under the department of Agriculture, Food and Rural Revitalization.

There are no costs or premiums paid by producers and compensation covers 85 per cent of the incurred loss, less a $200 deductible per crop. Payments are based on the grade at the time of harvest to reflect the value of the damaged crop. Protein adjustments or malting status are not included in determining compensation amounts.

Under these two programs, compensation is provided for damage caused by whitetail and mule deer, antelope, elk, moose, bears, ducks, geese and sandhill cranes. Any Saskatchewan producer with or without a Crop Insurance contract is eligible to receive compensation for crops damaged by waterfowl or big game.

The following tables indicate the average historical indemnity amount paid under these programs based on the actual claims paid to the end of the fiscal year.

Annual Waterfowl Damage Compensation Summary

YEAR	Claims	Compensation Paid	$/Claim
78-79	1,586	$ 1,836,587	$ 1,158
79-80	908	$ 977,476	$ 1,077
80-81	1,233	$ 1,465,480	$ 1,189
81-82	305	$ 312,061	$ 1,023
82-83	582	$ 684,593	$ 1,176
83-84	541	$ 869,910	$ 1,608
84-85	408	$ 763,530	$ 1,871
85-86	2,544	$ 6,389,022	$ 2,511
86-87	2,950	$ 6,658,769	$ 2,257
87-88	1,210	$ 1,779,933	$ 1,471
88-89	807	$ 1,337,903	$ 1,658
89-90	1,384	$ 3,727,130	$ 2,693
90-91	760	$ 2,138,380	$ 2,814
91-92	392	$ 683,391	$ 1,743
92-93	2,040	$ 5,557,642	$ 2,724
93-94	1,560	$ 3,603,156	$ 2,310
94-95	1,668	$ 1,778,556	$ 1,066
95-96	709	$ 1,352,767	$ 1,908
96-97	2,416	$ 7,951,921	$ 3,291
97-98	1,077	$ 4,361,668	$ 4,050
98-99	298	$ 520,360	$ 1,746
99-00	1,600	$ 4,309,428	$ 2,693
00-01	1,132	$ 2,559,440	$ 2,261
01-02	164	$ 233,093	$ 1,421
02-03	781	$ 2,368,893	$ 3,033
TOTAL	**29,055**	**$64,221,089**	
Average	**1,162**	**$ 2,568,884**	**$2,030**
5 Yr. Average	**795**	**$ 1,998,243**	**$2,231**

Annual Big Game Damage Compensation Summary

YEAR	Claims	Compensation Paid	$/Claim
96-97	0	$ 0	$ 0
97-98*	1,671	$ 6,412,426	$ 3,837
98-99	264	$ 529,955	$ 2,007
99-00	400	$ 893,760	$ 2,234
00-01	383	$ 968,948	$ 2,530
01-02	612	$ 1,306,835	$ 2,135
02-03	393	$ 1,164,098	$ 2,962
TOTAL	**3,723**	**$11,276,022**	
5 Yr Avg	**410**	**$ 972,719**	**$2,374**

* 97/98 includes claims from both 1996 and 1997 crop years. Saskatchewan Crop Insurance began administering the program in 1991. There was no program available in 1994 and 1995. Compensation began again in November of 1996 but no claims from 1996 were paid until 1997.

Prior to 1996, the Big Game Damage Compensation Program was considered a provincial responsibility only and the Waterfowl Damage Compensation Program was a joint responsibility with indemnities shared on a 50-50 basis. Payments under both programs were funded on a pay-as-you-go basis. Commencing in 1996, both programs were eligible for federal and provincial funding and both governments injected contributions to provide a funding pool.

The following tables indicate the indemnities by crop year and the federal and provincial contributions as they were being negotiated, not necessarily as they were received. These tables are not prepared in accordance with the accounting policies disclosed in the Agricultural Stabilization Fund; however, on a cumulative basis these amounts reconcile with those financial statements.

Big Game Damage Compensation Fund*

Contributions, Interest and Claims By Crop Year (000's)

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	Total
Opening Balance	$ -	$(1,375)	$ 8,839	$10,385	$10,749	$11,275	$ 4,225	$ -
Contributions								
Saskatchewan	2,000	5,000	769	820	1,000	-	-	9,589
Canada	2,000	5,000	769	-	-	-	-	7,769
Hunter Levy	690	670	-	-	-		-	1,360
Interest	-	-	354	438	495	257	64	1,608
	4,690	10,670	1,892	1,258	1,495	257	64	20,326
Expenditures								
Indemnities	(6,065)	(406)	(346)	(894)	(969)	(1,307)	(1,164)	(11,151)
Estimated Unadjusted Claims	-	-	-	-	-	-	(8,200)	(8,200)
Interest	-	(50)	-	-	-	-	-	(50)
Transfer to CFIP	-	-	-	-	-	(6,000)	-	(6,000)
	(6,065)	(456)	(346)	(894)	(969)	(7,307)	(9,364)	(25,401)
Ending Balance	$(1,375)	$ 8,839	$10,385	$10,749	$11,275	$ 4,225	$(5,075)	$ (5,075)

* - Unaudited, refer to table explanation.

Waterfowl Damage Compensation Program*

Contributions, Interest and Claims By Crop Year (000's)

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	Total
Opening Balance	$ (465)	$ (3,162)	$15,001	$18,923	$17,177	$17,595	$8,778	$ (465)
Contributions								
Saskatchewan	4,025	7,100	1,898	1,805	2,200	-	-	17,028
Canada	4,025	12,100	1,898	-	-	-	-	18,023
Interest	-	10	623	772	777	416	135	2,733
	8,050	19,210	4,419	2,577	2,977	416	135	37,784
Expenditures								
Indemnities	(10,742)	(1,041)	(497)	(4,309)	(2,559)	(233)	(2,369)	(21,750)
Estimated Unadjusted Claims	-	-	-	-	-	-	(500)	(500)
Interest	(5)	-	-	-	-	-	-	(5)
Transfer to CFIP	-	-	-	-	-	(9,000)	-	(9,000)
Doubtful Accounts	-	(6)	-	(14)	-	-	-	(20)
	(10,747)	(1,047)	(497)	(4,323)	(2,559)	(9,233)	(2,869)	(31,275)
Ending Balance	$ (3,162)	$15,001	$18,923	$17,177	$17,595	$ 8,778	$6,044	$ 6,044

* - Unaudited, refer to table explanation.

Saskatchewan Crop Insurance Customer Service Offices

Assiniboia
Ph: (306) 642-7235
1-888-935-0008
Fax: (306) 642-7229

Davidson
Ph: (306) 567-4401
1-888-935-0020
Fax: (306) 567-4408

Estevan
Ph: (306) 637-4500
1-888-935-0002
Fax: (306) 637-4609

Humboldt
Ph: (306) 682-6710
1-888-935-0026
Fax: (306) 682-6776

Kindersley
Ph: (306) 463-5462
1-888-935-0021
Fax: (306) 463-5469

Leader
Ph: (306) 628-3109
1-888-935-0011
Fax: (306) 628-3107

Moose Jaw
Ph: (306) 694-3613
1-888-935-0012
Fax: (306) 694-3811

Moosomin
Ph: (306) 435-4535
1-888-935-0005
Fax: (306) 435-4515

North Battleford
Ph: (306) 446-7411
1-888-935-0028
Fax: (306) 446-7489

Preeceville
Ph: (306) 547-5650
1-888-935-0015
Fax: (306) 547-5655

Prince Albert
Ph. (306) 953-2781
1-888-935-0032
Fax: (306) 953-2285

Raymore
Ph: (306) 746-6252
1-888-935-0016
Fax: (306) 746-6260

Regina
Ph: (306) 798-2052
1-888-935-0001
Fax: (306) 798-2057

Rosetown
Ph: (306) 882-5450
1-888-935-0019
Fax: (306) 882-5458

Saskatoon
Ph: (306) 933-5101
1-888-935-0024
Fax: (306) 933-5220

Shaunavon
Ph: (306) 297-5480
1-888-935-0010
Fax: (306) 297-5455

Swift Current
Ph: (306) 778-8315
1-888-935-0007
Fax: (306) 778-8332

Tisdale
Ph: (306) 878-8860
1-888-935-0025
Fax: (306) 878-8856

Turtleford
Ph: (306) 845-4501
1-888-935-0030
Fax: (306) 845-4505

Weyburn
Ph: (306) 848-2300
1-888-935-0003
Fax: (306) 848-2454

Yorkton
Ph: (306) 786-1375
1 -888-935-0013
Fax: (306) 786-1676

CUSTOMER SERVICE OFFICE HOURS:
8:00 a.m. to 5:00 p.m.
(closed noon hour)
Closed weekends and statutory holidays

WEBSITE: www.saskcropinsurance.com

HEAD OFFICE:
Box 3000
484 Prince William Drive
Melville, SK S0A 2P0

Phone: (306) 728-7200
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Website: www.saskcropinsurance.com

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Crop Insurance

Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

Saskatchewan Crop Insurance Corporation

Supplier Payments

Listed are payees who received $20,000 or more for the provision of goods and services, including office supplies, communications, contracts and equipment.

VENDOR	AMOUNT
Agrometeorological Centre of Excellence	$132,490
Aldon Computer Group	47,927
Mr. H. Anderson	34,648
Anisoft Group Inc.	776,159
Canadian Grain Commission	39,874
Canada Post Corporation	290,916
CompuSmart	159,920
Culease Financial Services	28,107
D.R. Auto Extras Ltd.	42,676
Danka-Calgary	34,126
Elias Manufacturing Ltd.	30,594
Full Circle Systems Inc.	29,416
GE Capital IT Solutions Inc.	43,868
Global Software Inc.	32,368
Grand & Toy	97,705
Heritage Inn-Saskatoon	38,344
Human Resources Services Ltd.	41,913
Bill Humeny	38,267
IBM Canada Ltd.	741,774
Information Security Technology	44,739
Innova Envelope Inc.	58,473
KPMG LLP	128,227
The Marketing Den	358,673
Marlin Travel	23,229
Mayne Logistics Loomis	28,755
Microage-Regina	114,088
Microsoft	95,411
National Leasing Group	33,432
Ochs Motor Products Ltd.	45,814
Olive Waller Zinkhan & Waller	249,683
Optimum Solutions	25,516
Paperworks	50,200
Pitney Bowes	28,005
Pitney Bowes Leasing	43,924
Pitney Bowes Postage-by-Phone	70,000
Saskatchewan Agriculture, Food and Rural Revitalization	209,729
Saskatchewan Property Management Corporation	1,570,194
Sask Tel, CMR	421,152
Saskatchewan Workers' Compensation Board	150,429
SGS Canada, Inc.	31,022
Tillinghast-Towers Perrin	39,046
Today's Technology Marketing Group	39,103
University of Saskatchewan	24,335

Personal Services- Employees

Listed are individuals (excluding unionized employees) who received payment for salaries, wages, honorariums, etc. which totalled $2,500 or more.

PAYEE	AMOUNT
Ames, Judy	$56,843
Armbruster, Elizabeth	54,142
Audette-Sand, Gail	56,843
Bastness, Harry	10,340
Bellamy, Donna	72,621
Benjamin, Stan	91,488
Biletski, George	69,384
Brice, Kevin	44,267
Brown, Ann	56,843
Burnett, John	56,843
Classen, Ethel	56,843
Coldwell, Maria	56,843
Cooper, Mike	70,039
Cudmore, William	91,488
Dingle, Terry	91,279
Emond, Denis	75,976
Erbach, Garth	65,722
Erickson, Kelly	56,843
Flavel, Dale	7,828
Hardie, Shelley	41,273
Hill, George	69,384
Hittel, Ronald	69,384
Hogg, Betty	56,843
Hughes, Earl	69,384
Knouse, Dale	2,892
Krahenbil, Adrienne	41,655
Krahenbil, Sherry	41,273
Kramer, Brian	4,418
Lemond, Sharon	29,829
Liebrecht, Collin	56,843
Longworth, Wayne	56,843
Matthies, Doug	105,061
McCuaig, David	57,806
Moyse, Lee	50,411
Myhr, Deborah	56,843
Napady, Wendy	20,020
Nussbaumer, George	110,478
Nyeste, Marjorie	56,843

Personal Services - Employees

Listed are individuals (excluding unionized employees) who received payment for salaries, wages, honorariums, etc. which totalled $2,500 or more.

PAYEE	AMOUNT	PAYEE	AMOUNT
Potts, Glen	$50,240	Svenson, Kenneth	69,384
Price, Jean	56,843	Swan, Cameron	90,451
Quintal, Ernest	56,843	Tyacke, Shirley	56,843
Salamon, Joanne	40,765	Visser-Niven, Gloria	62,786
Sawyer, Louise	69,384	Warner, Darby	56,843
Schmeiser, Joe	61,140	Warnes, Lorne	91,488
Schmelinsky, Cindy	39,227	Wass, Chris	4,200
Sinclair, Cameron	56,843	Wilgosh, Bernice	15,744
Skinner, Reginald	4,200	Winterhalt, Dianne	48,022
Stanley, Larry	56,843	Wouters, Neil	53,027
Stefankiw, Valerie	56,843	Yuzik, Lyle	56,843
Stirling, Janice	9,783	Payees under $2,500	6,318

CANADA ~ SASKATCHEWAN

Crop Insurance

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